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Southeast Asia Report

SPECIAL NOTICE INSIDE

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SPECIAL NOTICE

Effective 1 June 1987 JPRS reports will have a new cover design and color, and some reports will have a different title and format. Some of the color changes may be implemented earlier if existing supplies of stock are depleted.

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4 MAY 1987

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PURGING, STRENGTHENING PARTY MEMBERSHIP EXPECTED

Party Members Criticized

Vientiane PASASON in Lao 17 Oct 86 p 3

["Party Knowledge" column: "Each Party Member Must Be Evaluated Properly in Order To Upgrade the Quality of the Membership"]

[Excerpt] Each grassroots party chapter must assess every member properly in order to determine the basic strengths and weaknesses of each member. Only by doing this will it be able to set the correct way to educate, improve, and strengthen the grassroots parties and party members in every way.

The party chapters must assess the strengths and weaknesses of party members according to the standards for party members stated in the party regulations. They must carry out objective assessments comprehensively and very thoroughly. This is because the grassroots party chapters and their members are like a living organism.

In assessing the party members, two things should be avoided. First, in assessing we must avoid focusing on social class. It is natural to observe the background of a party member and what social class he is from so that effective educational techniques can be applied, and this approach may be correct. However, if the emphasis is placed only on social class as a way to assess party members it is not correct, nor objective, nor comprehensive and thorough. This is because when social class is emphasized we cannot explain our party, most of whose members are from the proletarian class. Yet it has been a strong Marxist party and has enjoyed constant victories.

In assessing a party member, it is true that we need to know what social class he is from and whether this background has had any effect on that member so that the party will have a means and a specific way to help correct that factor. However, this is not the main problem. The main problem in assessing a party member is the level of awareness, of the consciousness and belief of that member in the working class, and what is most important is to use the standards for party members as criteria for assessing that member on a regular basis. The second thing we should avoid in assessing a party member is to focus only on the person's

background, from the first task until now. Actually, knowing the background of each party member is truly necessary and something we cannot do without, but we cannot assess anyone from their background: it is not scientific. Suppose that a party member had not done good work previously, but now he could be doing much good work. We should not make the final judgment that what happened previously will be the same as now, nor should we think "he is really the same". The party regulations clearly state that "if a party member who has been disciplined is seen to improve on his own mistakes and makes remarkable progress, the party organization with the right to discipline that member must consider and agree to abolish that disciplinary case."

Quantity Versus Quality

Vientiane PASASON in Lao 22 Oct 86 p 3

[Text] The expression that we should not go after quantity in expanding the party means that we should not chase after the expected figures for the higher echelons or their own party setting in order hastily to accept new members based on that number. On the other hand, it does not mean closing the door and refusing to accept new party members at all. In fact, there is no conflict between quantity and quality if these two aspects are considered properly.

In expanding the party, the party must focus on the mass movement. It must create a mass movement in order to select those who are outstanding in the process of joining the party, instead of sitting back and waiting for the outstanding individuals to come forth by themselves and then accepting them into the party. In some places the parties cannot accept new members as they should after a certain length of time. This will limit the leadership of the party at the grassroots and in the ranks of the party members. "Don't chase after quantity" means that we want to be sure of quality in expanding the party. However, the fact is that quantity is important on its own. For example, if there are many party members it will be easy for the party to assign its members to work in all areas, all localities, and all grassroots units. If the number of party members is too small, the party will not be able to meet the need for improving all areas of the party's work as well as the need to organize, guide, and carry out the political duty of the party at the present time. Therefore, any area or work section that remains a white grassroots area [an area where there is no LPRP presence.] becomes very important for party expansion. In those areas where most of the party members are getting old and it is getting close to the time for them to retire and stop working, we must accept new party members who are young and outstanding in the mass movement. In mountainous and particularly strategic areas there are still few party members, and it is of the utmost importance to increase the number of party members. Some factories, co-ops, settlements, and party committees have party members only in administrative work, and there are few party members who participate directly in production. In this case also there is a need to increase the number of party members. Also,

there are still few party members from the working class. We must increase the number of new party members who are accepted from the working class.

All these are important requirements for expanding our party at the present time. We must consider quantity, because the number of party members is important for three reasons. First, it means increasing the guiding force of the party in all areas and in all types of work. Second, it indicates there is still a long time for the party to accomplish its task. It is a very important issue to increase the number of young and fit party members in order to be unyielding in carrying on our party's sacred task. Third, the party will be made ever stronger by having outstanding, young, and fit people.

We conclude that the number of party members plays an important role in constructing the party organization throughout and in all the grassroots. Its aim is to respond to the need to make sure that the two strategic duties of the party are carried out, namely to defend and construct the socialist nation successfully and gloriously.

Purging Unworthy, 'Reactionary' Elements

Vientiane PASASON in Lao 25 Oct 86 p 3

[Article: "Removing Unqualified Party Members"]

[Excerpts] It is the rule of the party that those who do not fully meet the standards of the party be removed from the party organization. It is a rule for the expansion of the party. Lenin emphasized that the party will be strong when those who are not completely qualified are removed.

Our party has established an appropriate policy for solving this problem, which is to put those who are outstanding in the movement into the party and to remove those who are not worthy from the party. Also, we should be on the alert for those who would take advantage of the situation and also the reactionaries who would infiltrate the party. From what we understand, people are often divided into three types--advanced, moderate, and backward. However, party members may be divided into only two types, those who fully meet the standards and those who do not, while the ones in between may be placed in the category of party members of a basic quality, since most of the party members whom we would place in the moderate category have no serious shortcomings, yet do not act as good models in their work and are neither enthusiastic nor serious about the tasks assigned to them by the party. Thus, it is natural for them to choose to do only easy work and to avoid hard work, ignoring the struggle for unity within the party and wanting only to save their own skin. They do not defend the right things, and they dare not fight for the wrong things. They just do nothing. Thus, the awakening of various social classes is still weak. It is certain that the party organization will make it an issue to study that party member so that he will see his weaknesses and work harder. But if in spite of the attempts of the organization he does not improve, it would be better for that person to be just a good citizen instead of a party member.

Another thing we should call attention to is the downgrading in the quality of party members. In some cases there are party members who are from good social classes and who have made outstanding achievements during the liberation of the nation from the imperialists, yet now in the new phase of the revolution they are estranged from the masses, exercise special rights, and take the public interest for their own. Also, there is the problem of the political level of party members being too low, and this should be brought up for study. It is natural that they are often put in the middle category because their knowledge is low and they are slow in working.

However, those who do not meet the standard should be removed from the party very carefully. For example, there may be old party members who live on pensions or female party members with special problems. Each case must be judged accordingly.

In conclusion, along with accepting those who fully meet the standards of the party, it is important to look for those who are not qualified and remove them from the party. We must work with determination, care, and persistence. Just as in nature, there is a need for growing and also for pruning.

9884/9190
CSO: 4206/83

REPORTAGE ON HANOI-VIENTIANE COOPERATION, INDUSTRY AID

SRV-trained Glass Workers, Costs Noted

Vientiane PASASON in Lao 28 Nov 86 pp 1, 4

[Article: "Plastics Plant Begins Producing Glassware"]

[Excerpt] For the first time Vientiane Capital is able to produce household glass items to serve society.

Glass production is organized as a work section under the plastics factory in Vientiane Capital. It was begun by Lao technicians and workers who completed their short training course in the SRV capital Hanoi. They started test production during the campaign to emulate achievements for the Fourth Party Congress. Since November they have been able to produce 6 products, over 300 glass jugs, and various types of glass.

Prior to the Fourth Party Congress the plastics plant handed over 800 glasses, which at that time were the new products, as gifts to the congress.

They have now completed the installation of a furnace and a complete set of equipment for producing 200-300 glasses per day.

The raw materials for glass production are mostly of domestic origin, including approximately 50 percent of the white sand from Houai Sai Khai in the Elai Village area, Nasaithong District, Vientiane Capital, and coal for fuel from Don Village, Feung District, Vientiane Province, supplied by the Mining Company under the Ministry of Industry and Handicrafts. The price for the white sand is 5,000 kip per ton and the price for the coal is 16,000 kip per ton.

The glass products made by this factory are considered comparable in quality to foreign-made products. The factory will also try to produce a sufficient supply of tubes for medicines for the pharmaceutical plant in Vientiane Capital.

SRV Delegation Leaves

Vientiane VIENTIANE MAI in Lao 28 Jan 87 pp 1, 4

[Article: "Vientiane Capital Administrative Committee Member Welcomes Farewell Visit of Hanoi Cooperation Committee Member"]

[Text] On the evening of 26 January 1987 a meeting was held in the office of the Vientiane Capital Administrative Committee by Mr Kongpheng Souttavong, a regular member of the party committee and chief of the Vientiane Capital Trade Section, in order to welcome the farewell visit of Mr Nguyen Ngan, member of the Hanoi Capital Cooperation Committee. The meeting with Mr Ngan was held in Vientiane Capital after completion of his period of duty in Vientiane Capital.

On this occasion Mr Nguyen Ngan expressed his joy and gratitude to the party committee and the administrative committee of Vientiane Capital for their cooperation and assistance in making the task of the Committee for Hanoi Capital Cooperation succeed as planned. At the same time, Mr Kongpheng Souttavong thanked and praised the glorious success of the task and the cooperation of the two capitals in many ways, and he expressed the wish that Mr Nguyen Ngan have a safe trip back to his country. He also expressed his desire that the special friendship and cooperation between Vientiane and Hanoi endure forever.

More SRV Aid

Vientiane VIENTIANE MAI in Lao 26 Jan 87 pp 1, 4

[Article: "Memorandum Signed on Handing Over Newly Installed Industrial Machinery"]

[Text] On the evening of 24 January, a ceremony was held in the Phon Tong Handicrafts Co-op under the industry and handicrafts section in Vientiane Capital to sign a memorandum to hand over officially the newly installed industrial machinery to the Phon Tong Handicrafts Co-op. Mrs Kommali Phanthavong, chief of the board of directors of the Phon Tong Handicrafts Co-op, and Mr Nguyen Tiem Dung represented Vientiane and the experts unit of the Hanoi Handicraft Co-op Association was represented by Mr Aumphon Vannaket, member of the industry and handicrafts section committee in Vientiane Capital, Mr Tran Ngoc Luong, the economic and cultural advisor of the SRV in the LPDR, Mr Nguyen Ngan, who represented the Committee for Hanoi Cooperation in Vientiane Capital, and several cadres concerned.

The memorandum stated that both parties were united in providing assistance and material, equipment, and machinery needs for the Phon Tong Handicraft Co-op, such as a machine for weaving mosquito netting, one for handkerchiefs, and large and small spinning machines. The purpose is to boost the quality and quantity of production.

Hanoi Financial Delegation

Vientiane VIENTIANE MAI in Lao 17 Jan 87 pp 1, 4

[Article: "Vientiane Capital Administrative Committee Member Welcomes Farewell Visit of Hanoi Financial Expert"]

[Text] On 16 January 1987 a meeting was held in the office of the Vientiane Capital Administrative Committee by Mr Sithon Sibournheung, regular member of the party committee and chief of the Vientiane Capital committee for economic and cultural cooperation, to welcome a farewell visit by the financial delegation led by Mr Nguyen Xuan Muu following its completion of 6 months of duty.

During the conversation both men praised the successful cooperation in the training of finance technicians for Vientiane Capital according to the project on cooperation between the two capitals. Mr Sithon Sibournheung also thanked Mr Nguyen Xuan Muu for the cooperation given to Vientiane Capital and expressed the wish that the special and fraternal solidarity between Laos and Vietnam become increasingly strong and that the delegation of experts have a safe trip back to their country.

Hanoi Textile Handicrafts Aid

Vientiane KHAOSAN PATHET LAO in Lao 30 Jan 87 pp A5, 6

[Article: "Memorandum Signed on Installation of Machinery and Technical Industry Equipment"]

[Text] A ceremony was held on 26 January to sign for the handing over of the installation of machinery and technical industry equipment, which was aided by the Vientiane embroidery factory. Mr Chanthavong Pathoumsai, chief of the board of directors of the Vientiane Embroidery and Handicrafts Factory, represented the Lao side, and Mr Nguyen Tiem Dung represented the team of experts from the Handicrafts Co-op Association of Hanoi Capital, in the signing of the memorandum. The memorandum stated that both sides would cooperate in providing additional automatic looms for the Vientiane Embroidery Handicrafts Factory in order to assure the quantity and quality of production. The equipment aid from Hanoi Capital was the installation of 12 machine footings for use in 24 textile machines, the installation of 8 footings for the 16 looms for making towels and mosquito nets, the installation of 5 footings for large and small spinning machines, and 5 footings for 5 "gnok ba" machines and also the installation of motors and the modification of another 2 knitting machines values at a total of over 1 million kip.

There was also news that a hand-over memorandum was signed last week for the installation of two paper-producing machines in Vientiane Capital free of charge from Hanoi Capital.

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CSO: 4206/87

SWEDISH AID FOR 1987-1990 FOR MACHINERY REPAIR

Vientiane PASASON in Lao 17 Oct 86 p 1

[Article: "Sweden Agrees to New Monetary Aid to Laos for 1987-90"]

[Text] The Swedish government's SIDA [Swedish International Development Agency] has agreed to continue giving new financial aid totaling 30 million krona (Swedish currency) to the LPDR for the purpose of machinery repairs at the Lao-Swedish Friendship Repair Factory under the Ministry of Transportation and Posts for the period 1987-90.

This assistance plan was stated in the memorandum and assistance agreement between the two countries signed yesterday afternoon on 15 October 1986 at the Ministry of Transportation and Posts in Vientiane Capital by Mr Thongsavat Paseut, vice minister of transportation and posts, and Mr Sten Ask, Swedish charge d'affaires in Laos, representing Laos and Sweden. The signing took place in the presence of Mr Phao Bounnaphon, minister of transportation and posts, Mr Somphavan Inthavong, assistant chairman of the State Planning Commission and also chairman of the committee for economic and technical cooperation between Laos and Sweden, and other high-level cadres from both Laos and Sweden.

This new monetary aid will be used to purchase spare parts, materials, and fuel oil, hire five experts to help the repair factory each year, train Lao technical cadres, etc.

9884/12851

CSO: 4206/87

CHAMPASSAK ECONOMIC PROGRESS, DATA REPORTED

Vientiane PASASON in Lao 28 Oct 86 pp 3, 4

[Article: "Ten Years of Economic Construction"]

[Excerpts] The farmers throughout Champassak Province are happy with the collective style of living. They have switched from private and scattered production to collective production in different agricultural co-op units, of which there is now a total of 645 units. This number includes 29 leading co-op units and 188 medium units. There are 200,000 members, along with 60,000 hectares of cultivation area and 70,000 draft animals.

Forest cutting was carefully carried out according to the plan throughout the past 10-year period. Later, trees were planted to replace those that had been cut down. Within the province there were many forest preserves covering many thousands of hectares. The province also cut down 176,500 cubic meters of soft and hard wood for use both within the province and also for export.

Economic Profile of Production Data

<u>Item</u>		<u>1976</u>	<u>1985</u>
Rice	cultivation area	75,792 hectares	86,365 hectares
	production yield	153,569 tons	242,994 tons
Corn	cultivation area	512 hectares	1,200 hectares
	production	568 tons	1,440 tons
All types of starchy crops			
	cultivation area	110 hectares	400 hectares
	production	991 tons	3,480 tons
Tobacco	cultivation area	67 hectares	500 hectares
	production	287 tons	2,150 tons
Cotton	cultivation area	160 hectares	1,000 hectares
	production	130 tons	600 tons

<u>Item</u>		<u>1976</u>	<u>1985</u>
Coffee	cultivation area	2,800 hectares	10,480 hectares
	production	1,830 tons	4,579 tons
Tea	cultivation area	50 hectares	130 hectares
	production	215 tons	520 tons
Domestic animals			
	buffalo	76,375	107,000
	cattle	48,613	74,700
	pigs	32,167	52,600
	poultry	486,300	899,400

9884/12851
CSO: 4206/86

PRIVATE SECTOR TRANSPORT ORGANIZED ALONG GOVERNMENT GUIDELINES

Vientiane VIENTIANE In Lao 27 Nov 86 pp 1, 4

[Article: "Vientiane Capital Opens Extensive Cooperation with Private Sector Regarding Transportation"]

[Text] In order to implement the plenum of the Fourth Party Congress and also to carry out the directive of the party and the government concerning the division of control levels between the center and localities and between Vientiane Capital and the surrounding districts so it will be in agreement with the new mechanism for socialist economic management, the party committee and the administrative committee of Vientiane Capital are now increasing the extensive cooperation with the private sector's collective association for land and water transportation on the basis of mutual interest.

In order to achieve a smooth transport operation and timely circulation and distribution, on the afternoon of 25 November the Communications, Transportation, Posts and Basic Construction Section of Vientiane Capital announced that it had organized the Office for Land and Water Transportation Control by taking the members from the Water Transportation Association and putting them under the new office, with the direct guidance of the Vientiane Capital communications and transportation section.

According to Mr Sai Phaksoum, vice minister and chief of communications, transportation and basic construction in Vientiane Capital, transforming the private sector's collective transportation association and putting it under the Office of Land and Water Transportation Control will provide the foundation for the rapid expansion of transportation in Vientiane Capital; it is also in agreement with the directive of the party and the government in the new phase of our country's revolution. In particular, this means using the private economy in Vientiane Capital in economic construction so as to improve the circulation and distribution within Vientiane Capital and to better guarantee the three interests.

9884/12851

CSO: 4206/86

BRIEFS

BOKEO FINANCE MEETING--The committee responsible for the finance section in Bokeo Province has officially opened a meeting on economic affairs attended by 25 persons representing each district and work sections from throughout the province. The meeting participants have studied the following important documents: the plenum of the Council of Ministers on reassessing fixed assets and documents on regulations for fixed capital management, revolving capital and loans. They have also studied how to calculate the basic cost for wear and tear of fixed assets and the use of unified accounting in changing to fixed asset accounts for enterprises. The meeting has been going on for 2 days. According to the plan, in the future the main economic units and enterprises will work together with the inspection committee that was established to inspect and reassess the fixed assets in their own departments so they will rely on the method of resolute conversion to business in a step-by-step manner. [Text] [Vientiane PASASON in Lao 28 Oct 86 p 1] 9884/12851

HOUAI SAI TRADE ACCORD--Recently the Trade Company in Houai Sai District, Bokeo Province, has unanimously carried out the plan for signing trade accords with 18 trade co-op units throughout the district. The purpose of signing these accords is primarily to accelerate the trade obligation of the units vis-a-vis the government and the people based on guaranteeing the three interests so as to facilitate trading, enabling it to become a primary link in the economic structure. In these accords the district trade will head up the operation for supplying materials and assorted goods for the 18 trade co-op units, and will also encourage the main economic units to go out and work in cooperation with the people's trade co-ops. In particular, it is the task of the trade co-op units to carry out their own obligation to purchase and collect products from the grassroots and then send them to the district trade in accordance with the plan, which is based on mutual benefits. [Text] [Vientiane PASASON in Lao 28 Oct 86 p 1] 9884/12851

HOUA PHAN SECURITY--The military and paramilitary forces throughout Houa Phan Province have carried out the plan with determination and have achieved many successes. In their inspection and guarding during the past year, the combatants in this locality were a driving force in protecting the life and property of the people, and they provided security for the locality on a normal basis. [Excerpts] [Vientiane PASASON in Lao 30 Jan 87 pp 1, 4] 9884/12851

PHONG SALY PARTY GROWTH--Phong Saly Province is located in the northern-most part of our country. Its border adjoins the SRV and the PRC. It has problems with communications, and people cannot come and go on a regular basis. At a party meeting of various levels, a campaign of criticism was widely practiced and the content of the meeting was very profound, resulting in all of the party members becoming active cadres. Each has become more involved in his work and has become a better driving force in giving his opinion on the work plan for the party committee and the various levels of administrative committees, and in actually carrying out the work efficiently and with solid unity and consciousness within the party. Each party chapter has a normal existence and works very efficiently. Also, each party chapter has assessed, screened and categorized its members correctly. The reason for doing this is to allow each comrade who has not yet become outstanding to work harder and to become enthusiastic and outstanding. Along with improving the party, the provincial administrative committee decided to expand the party extensively and also to make sure that the next group of members will carry out their task quickly. Last year 154 comrades were added throughout the province. They were able to wipe out 61 white villages [areas where there is no LPRP presence], and they organized 66 party chapters. [Excerpts] Vientiane PASASON in Lao 30 Jan 87 p 2] 9884/12851

KHAMMOUAN MASS ORGANIZATION GROWTH--In 1986 Khammouan Province was able to improve and expand the membership in the Lao women's association from the provincial level on down to the grassroots by a total of over 2,400 persons. The province has now set up committees for the Lao women's association at the grassroots and district levels in 5 districts, 36 cantons and 179 villages. Last year 25 white villages [areas where there is no LPRP presence] were wiped out. [Excerpts] [Vientiane PASASON in Lao 31 Jan 87 p 1] 9884/12851

JAPANESE SILKWORM EXPERTS--On 15 January Mr Kongpheng Souttavong, regular member of the party committee and chief of the Vientiane Capital Trade Section, welcomed a visiting delegation of Japanese experts at the Office of the Vientiane Capital Administrative Committee. The delegation led by Mr Eiichi Rokanbe), is visiting to assist in the project for growing mulberries and raising silkworms in Vientiane Capital. During the visit Mr Kongphen and Mr (Eiichi Rokanbe) discussed many issues, especially cooperation in the project for growing mulberries and raising silkworms, in which the Japanese experts are working in cooperation with Lao technicians for the purpose of studying data on raising silkworms and growing mulberries, along with the installation of a steaming machine, and the two sides will work together to test a reeling machine provided by Japan. The team of experts will assist the project in Vientiane Capital for 3 months. [Text] [Vientiane VIENTIANE MAI in Lao 16 Jan 87 pp 1, 4] 9884/12851

SHOPS FOR FOREIGN EXCHANGE--On the afternoon of 26 December the International Construction and Transport Company under the Vientiane Capital Communications, Post and Construction Section officially opened a construction supply shop and

a restaurant. Attending the opening ceremony were members of the party committee, the administrative committee for Vientiane Capital, work section committees and cadres concerned, as well as representatives of the diplomatic corps of our allies and of international organizations in Laos. The construction supply shop and the restaurant are next to the International Construction and Transport Company on That Louang Road, opposite the Finance Ministry. This construction supply shop is the first shop to distribute construction equipment in Vientiane Capital using both kip and foreign currency as both transfer payments and cash. All types of construction equipment are for sale, both wholesale and retail, depending on the consumer's needs. [Text]
[Vientiane VIENTIANE MAI in Lao 31 Dec 86 p 1] 9884/12851

HOUA PHAN DISTRICT MILITARY RECRUITMENT--Xiang Kho consists of 22 cantons and 233 villages with a total population of 58,500, of which 30,400 are women, 4,600 are Lao Theung, and nearly 8,000 are Lao Soung. The students who finished school were all willing to respond to the demands of the nation, such as serving in national defense and security work, becoming cadres, workers, and government employees, continuing their education, etc. From 1982 to 1986 there were 550 students who volunteered to become soldiers and policemen. [Excerpts] [Vientiane PASASON in Lao 28 Nov 86 p 2] 9884/12851

CSO: 4206/87

CANDIDATES CITE GROWING POWER OF VOTING BLOCS

Manila MANILA BULLETIN in English 11 Apr 87 pp 1, 19

[Article by Rod L. Villa Jr.]

[Text] Senatorial candidates said yesterday the growing power of the youth, woman, labor, farm, and other sectors as voting blocs will determine the outcome of the 1987 elections.

Candidates of the Lakas ng Bayan and the Partido ng Bayan warned it would be disastrous not to respond to the pressure of these voting blocs which, they said, they felt amid the intensifying campaign.

They welcomed this as a mark of the growing political sophistication of the community which, they said, will distinguish the 1987 polls from previous elections, at the "Talakayan sa Makati" at the Manila Garden Hotel.

Those who took part in yesterday's "Talakayan" were Vicente Paterno, Edgardo Angara, Santanina

Rasul, Ernesto Herrera, Joey Lina, and Aquilino Pimentel representing Laban, and Bernabe Buscayno, alias Commander Dante, of the Partido ng Bayan.

Dr. Amado C. Diaz, vice president of the Philippine Association of Colleges and Universities, who represented the academe, warned that those aspiring for the Senate have never been before been subjected to such soaring scrutiny under the freedoms loosed by the new democracy under President Aquino.

Vice President Victor Lim of the Philippine Chamber of Commerce and Industry, representing the private sector in business, said this group found its strength in the role it played in the "people power revolt at EDRA" which toppled the past government.

He said the business sector will come together once again to support candidates whose integrity, competence, and track record of performance show their dedication to good government.

Undersecretary Lino Lorenzana of good government defended the directive to all officers-in-charge to support Laban candidates. It is not only legal but also

necessary to assure implementation of the reform programs of the Aquino government, he said.

As presidential appointees, he said, they form what he called the "OIC bloc" whose power should be able to catapult the ruling coalition candidates to the legislature.

Lina, at 25 the youngest of the Laban bets, said seven out of 10 Filipinos belong to the 18-35 age bracket whose demand for change he would articulate in the Senate.

Diaz warned that the youth have become politicized and will no longer allow themselves to be hoodwinked by traditional politicians.

Rasul, identifying herself with both the women's bloc and the Muslim group, said she discovered the growing power of these groups on the 2,000-kilometer stamp of the Laban Caravan between Manila and Davao.

Buscayno conceded the power of the "OIC bloc" but, he said, without the presence of the President herself, the Laban bets had audiences that suffered in comparison with the big crowds he and other PNB candidates belonging to the "militant bloc" drew PNB candidates.

/13046

CSO: 4200/497

OPPOSITION, AQUINO CANDIDATES PRESS FOR NUCLEAR STAND

Manila MANILA BULLETIN in English 7 Apr 87 p 9

[Text]

Opposition and government senate candidates said yesterday President Aquino should ask the United States whether it stores nuclear weapons here in view of a constitutional ban on such arms.

At a breakfast meeting with reporters, candidates from the right-wing Grand Alliance for Democracy, the left-wing Partido ng Bayan (People's Party), and the administration ticket said the charter provision would require the United States to remove any nuclear weapons from Clark Air Base and Subic Bay naval station.

"A nuclear-free policy has been written into the Constitution and it requires legislation to implement it," said former defense Minister Juan Ponce Enrile, candidate of GAD. "It must now be implemented. One cannot close his eyes to the fact that there are many nuclear-powered vessels and probably nuclear-armed vessels and aircraft coming into our territory."

Enrile, who supports the continued presence of U.S. troops here, said the government had no choice but to enforce the constitutional ban.

Ernesto Herrera, one

of Mrs. Aquino's 24 handpicked candidates, agreed that the government must verify whether there are nuclear weapons, at Clark base or aboard ships calling at Subic Bay.

Horacio Merolan, the FNB candidate at the forum, said U.S. refusal to disclose the presence of nuclear weapons would constitute "a gross violation of sovereignty" and that there was no excuse for delaying a request for verification.

"I don't think we should defer asserting our sovereignty when we have all the legal basis now," he added.

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CSO: 4200/497

MANILA COLUMNIST VIEWS NUCLEAR PROVISION IN CHARTER

Manila MANILA BULLETIN in English 5 Apr 87 p 6

[News Analysis by Melchor P. Aquino: "RP-U.S. Concern"]

[Text] **I**N an interview with Panorama, outgoing US Ambassador Stephen W. Bosworth was asked to comment on the provision of the new Philippine constitution on the adoption and pursuit of "a policy of freedom from nuclear weapons." The diplomat made the following observations:

"... I think it's up to the government of the Philippines to interpret, to decide how to interpret, this provision of the constitution. It's not up to us. And as I have said thus far, we have taken note of the fact that the government has taken the view that the new constitution is consistent with President Aquino's earlier policy statements on this subject."

On the specific question of "whether there are nuclear weapons at Clark or Subic," the ambassador remarked:

"We have a very strong public position that we never confirm nor deny the existence of nuclear weapons on any installation or on any ship or on any plane... Now, obviously, in our dealings with the Philippine government, we would work out whatever arrangements would be consistent."

These comments by the American ambassador are relevant to the current debate at the hustings on the constitutional provision on "freedom from nuclear weapons." The general impression, it seems, is that the said provision should be read and interpreted exactly as

it is written, to wit: "The Philippines, consistent with the national interest, adopts and pursues a policy of freedom from nuclear weapons in its territory."

This reading and interpretation is being sedulously promoted by "cause-oriented" groups and senatorial candidates who share their persuasion. It is appalling, to put it mildly, that senatorial aspirants, who were parties to the deliberations on such provision and who know the true and real intent of the Constitutional Commission, do not share their knowledge with the public.

As previously disclosed by Commissioner Alberto Jamir, one of the legal luminaries in that body, the Constitutional Commission passed a resolution to the effect that the provision in question shall be interpreted and construed to mean, "The Philippines, *subject to the national interest*, adopts and pursues a policy of freedom from nuclear weapons in its territory."

The Constitutional Commission clearly intended, according to Commissioner Jamir, to vest discretion in the President as to the determination of exceptions to, or departures from, the general policy.

It goes without saying that the existence of such resolution has come to the knowledge of the US government in the course of normal bilateral consultations. Aware of the real intent of the

framers of the basic law, Ambassador Bosworth and ranking officials of the US State Department have uniformly indicated that the United States "can live with the Philippine position."

"Cause-oriented" groups would have the people and the outside world believe that the constitutional provision at issue is a total and absolute ban on nuclear weapons. Responsible public officials, who know otherwise, would rather maintain a policy of abject silence than run the risk of incurring the displeasure of such groups. By their sin of omission, these officials have laid them-

selves open to the charge of cowardice and intellectual dishonesty.

It is conceivably possible that, in their own devious way, they want to contribute to the development of an unfavorable political and psychological climate for the conclusion of a bases treaty to take the place of the present bases agreement, which is due to expire in 1991.

The Philippine and US governments apparently continue to view mutual defense and bilateral affairs in the historical and traditional context.

As long as they do, the mutual interests of the two countries are bound to be served.

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CSO: 4200/498

NEGROS GOVERNOR ANNOUNCES LAND TRANSFERS

Manila MANILA BULLETIN in English 4 Apr 87 p 21

[Article: "P1.6 M Released for Negros Land Program"]

[Text]

Negros Occidental Governor Daniel Lacson Jr. announced that 847 hectares of PNB-foreclosed lands have been transferred to 322 farm households in nine sites under a lease-purchase agreement. These are in Kabankalan, Hinigaran, Pontevedra and Ma-ao.

The Philippine Business for Social Progress (PBSP), program managers of this land transfer program will release P1.654 million for the development of the land for food production and livestock projects of displaced sugar and landless rural workers. These funds are from the Negros Occidental Development Assistance Program of the Foundation which includes funds from the US Agency for International Development and the Australian Development Assistance Bureau.

The Negros Land Transfer Program is a resource-sharing program of the Philippine National Bank (PNB), Negros Occidental Provincial Government and PBSP. The program seeks to eventually transfer 10,000 hectares of PNB-foreclosed lands to sugar worker families who are to be organized into viable settlement communities.

PBSP assistance begins with the identification and organization of worker groups with the assistance of a local implementing structure. These include the Vicariates and parishes of Kabankalan, Hinigaran, Himamaylan and Ma-ao, the municipal development councils of Kabankalan, Hinigaran and Pontevedra, and NACUSIP labor federation.

These groups, together with PBSP, facilitate negotiations between the workers communities and the PNB. Worker groups, having negotiated areas, covered by lease-purchase agreements, then are provided technical and financial assistance to enable them to convert the land into agri-based settlements that will provide farm households with food supply and cash income. Negotiated values of the land just transferred range from P2,500 to P8,000 per hectare (depending on type of land) payable over 15 years in two installments per year. The value has been based on a modified DAR (Dept. of Agrarian Reform) formula.

The first batch of settlement development projects cover 847 hectares and will be planted to food crops (such as rice, corn, rootcrops and vegetables) and livestock projects. These lands are located in Sutay, Tampalon, Guimbala-on, Sacup, Ma-ao, Sabang, Balicao-cao, Carabalan and Dacongogon.

A revolving fund, to be managed by proponent organizations, will be used for working capital requirements and farm inputs (seeds, livestock, etc.). The P1.6 million financial advance, is part of the P3.6 million set aside by PBSP for the development of nine settlement areas in South-Central Negros Occidental. The Negros provincial government has appropriated P4 million for infrastructure needs of the settlement areas.

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CSO: 4200/498

2.6 BILLION PESOS BUDGETARY DEFICIT POSTED IN JANUARY

HK141355 Manila PHILIPPINE DAILY INQUIRER in English 14 Apr 87 p 18

[Article by Oscar Quiambao]

[Text] The government suffered a 2.6 billion budgetary deficit last January, indicating that the government is finding it difficult to rein in its expenditures so that the shortfall would stay within the manageable P19.7 billion target for 1987, documents made available to the INQUIRER revealed.

The deficit was due to expenditures that totaled P10.8 billion as against revenues of P8.2 billion.

The government's actual budgetary deficit in 1986 amounted to P28.1 billion, nearly beating its P29 billion projection for that year. The shortfall resulted from expenditures of P107.2 billion against revenue collections of P79.1 billion.

The documents also revealed that the country's balance of payments in January, including the debt rescheduling, posted a \$35 million deficit. During the same month last year, the country posted a \$35 million surplus.

Without the debt rescheduling, the deficit could have ballooned to a huge \$157 million. The report also showed that the country's international reserves in January amounted to \$2.6 billion, a little less than the \$2.5 billion reported the previous month. The reserves could finance about three and a half months of importations.

Central Bank Governor Jose B. Fernandez Jr. in his fourth quarter report to President Aquino, said total exports for 1986 amounted to \$4.84 billion while imports totaled \$5.04 billion.

He reported that the country's total foreign debt as of December 31, 1986 reached \$28.25 billion, a \$2.0 billion increase from the end-1985 level.

The increase in the country's debt was attributed to the drawdown of the \$175 million second tranche of the new money facility in January and the final drawdown in December, increases in direct loans and in public sector medium and long term obligations and the adjustments arising from foreign exchange revaluations of third-currency loans.

Fernandez said the peso depreciated by 7.9 percent against the U.S. dollar last year. The average reference rate for the year, he said, was P20.53 to a dollar.

Fernandez said the BOP, inclusive of rescheduling, during the fourth quarter of 1986 posted a surplus of \$527 million compared to a \$8 million surplus in the third quarter.

He said the current account during the period totaled \$215 million compared to \$165 million during the previous year due to higher export and service receipts.

Exports during the last quarter rose by 11 percent to \$1.252 billion while imports rose by 8.8 percent to \$1.28 billion.

The gross international reserves for the period reached \$2.459 billion, up by nearly half as much as the end-third quarter level of \$1.7 billion.

Domestic liquidity or the money floating in the economy reached P142 billion, despite the substantial increase in reserve money which amounted to P50 billion at the end of December 1986.

As of the end of December 1986, total resources of the country's financial system amounted to P522.4 billion, higher by P19.9 billion than the previous year's level.

Real gross national product (GNP) grew by two percent during the fourth quarter, paving the way for a 0.1 percent growth for the whole of 1986.

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CSO: 4200/496

DECREE ON REORGANIZING PRESIDENTIAL STAFF ISSUED

HK161331 Manila MANILA BULLETIN in English 16 Apr 87 p 9

[Text] Malacanang released yesterday Executive Order No. 130 reorganizing the Presidential Management Staff (PMS), merging and consolidating offices and attached agencies of the Office of Development Management [ODM] whose functions overlap or are inter-related.

The order, signed by President Aquino, is intended to "strengthen the Office of the President structurally and functionally in the performance of its development management functions specially in the analysis, coordination and monitoring of critical national projects and programs."

Under the new structure, all functions and assets of the ODM were turned over to the PMS which shall now be headed by an undersecretary. The PMS will have two operation groups, namely, the Presidential Policy and Management Group and the Development Monitoring and Management Group.

The Presidential Policy and Management Group shall be composed of the existing organization of the PMS, while the Development Monitoring and Management Group shall be created from regional units of the existing PMS and the abolished ODM.

The Office of the Development Management (ODM) was previously organized as a transitional body to absorb the agencies and offices of the abolished Ministry of Human Settlements [MHS].

In the MHS abolition, the offices, agencies, and services that were originally under line ministries and which were placed under MHS by the previous administration, were returned to their respective original departments.

The MHS agencies involved in the housing sector were consolidated under the Housing and Urban Development Coordinating Council, while the livelihood program and the livelihood technology service agencies were transitionally placed under the Office of Development Management.

Details of the reorganization order are now being worked out as these will affect the various offices and agencies merged or consolidated under PMS as provided for by the new executive order.

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CSO: 4200/496

PRESIDENT SWEARS IN EIGHT NEW OFFICIALS

HK161341 Manila MANILA BULLETIN in English 16 Apr 87 pp 1, 6

[Text] President Aquino swore into office yesterday eight more new government officials, including one Cabinet secretary, three undersecretaries, and two commissioners of the Presidential Commission on Good Government (PCGG).

Sworn into office were Jose de Jesus as Cabinet secretary, Tomas Santos and Clodualdo Perez Jr. as undersecretaries of the Department of Education, Culture, and Sports (DECS), Elfren Cruz as undersecretary of the Presidential Management Staff (PMS), Jiamil Dianalan as executive director of the Office on Muslim Affairs (OMA), Orlando Romero and Ramon Rodrigo as PCGG commissioners, and Teodoro Katigbak as chairman of the Housing and Urban Development Coordinating Council.

De Jesus, 53, who took the place of Natural Resources Secretary Fulgencio Factoran Jr. as Cabinet secretary, holds a master's degree in psychology from the Ateneo de Manila. He was undersecretary of education before he assumed his new post.

Santos, a lawyer specializing in taxation, labor, education, and corporate laws, completed his law degree at the University of the Philippines. Perez, who has a doctorate in animal nutrition from Cornell University in the U.S. is a former vice-chairman of the technical panel for agriculture education at the DECS.

Cruz, 43, the new PMS undersecretary, has a master's degree in business management from the Asian Institute of Management. He is a former executive director of the PMS.

Dianalan, 49, the new executive director of the OMA, majored in agriculture at the Araneta University. Prior to his appointment as executive director of the OMA, Dianalan was OIC of the Department of Agrarian Reform (DAR), after Secretary Heherson Alvarez resigned to run for the Senate.

Romero, 52, one of the two new PCGG commissioners, is a practicing lawyer with an extensive background in general management. He holds a master's degree in national security administration from the National Defense College of the Philippines. He is the husband of Presidential Assistant Florida Ruth P. Romero.

Rodrigo, 44, the other new PCCG commissioner, is a graduate of the Ateneo Law School. A Mabini [Movement of Attorneys for Brotherhood, Integrity, and Nationalism Incorporated] lawyer, he has been admitted to both the Philippine and New York bars.

Katigbak, 46, chairman of the Housing and Urban Development Coordinating Council, is a former chairman of the National Economic and Development Authority (NEDA) sub-committee on housing, and secretary-general of the Housing and Urban Development Coordinating Council.

He holds a master's degree in business administration from Columbia University and took post-graduate studies in operations research at the London School of Economics and Political Science.

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CSO: 4200/496

DAILY CRITICIZES POLICE RESPONSE TO MANILA NPA HIT TEAMS

Quezon City ANG PAHAYAGANG MALAYA in English 7 Apr 87 p 4

[Editorial: "A danger to be avoided"]

[Text]

The life of the metropolis — so carefree even in the midst of brutal crimes in the slum areas and a sensational murder at Forbes Park — has taken on a dark, sullen, and often tragic face.

Reports of New People's Army "sparrows" — highly trained communist assassins — operating in the city, killing lawmen in cold blood, some in broad daylight, and then melting just as easily into the crush of the city's human traffic, have suddenly brought the reality of the insurgency problem at the doorsteps of urban dwellers.

The horrors of the guerilla war are still distant, and they may not be as graphic as those which the people in Davao and in the Cordilleras have experienced. But the spate of killings have had a chilling effect on the urban population nonetheless. Apprehensions over the mindless violence have grown.

While the killing of lawmen allegedly perpetrated by NPA "sparrows" should be condemned in the strongest possible terms, the swift and often brutal police retribution that followed them is equally repulsive.

The grieving mother of one of the four victims of the Eagles — the police counterpart of the "sparrows" in the metropolis — has denounced the slaying of his son who, she said, was never an NPA hitman. Three other victims of the Eagles alleged to have been "sparrows" were gunned down in highly suspicious circumstances. Police records dug up by *Malaya* showed that the three had been detained at the police headquarters before they met their violent end in an alleged encounter with lawmen in pursuit of the "sparrows."

Although this urban counter-insurgency measure is deemed extremely necessary to counter the reported communist threat, the danger that arises from it is the possible violation of the rights of suspected rebels who could turn out to be ordinary and innocent citizens with no known record of crime on wrongdoing.

As it is, our law enforcers may have already committed a serious violation of human rights if the claim of the mother of the suspected rebel could be substantiated. This is a dangerous trend that must be stopped before it gets worse.

The rule of law and the right to due process guaranteed every citizen in this republic should be upheld at all times, and never should they be violated even in the pursuit of the role of security forces to defend the republic from the growing threat of the Maoist insurgents.

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CSO: 4200/500

COLUMNIST HITS 'REACTIONARY TENDENCY' OF AQUINO GOVERNMENT

Quezon City ANG PAHAYAGANG MALAYA in English 4 Apr 87 p 4

[Opinion by Luis R. Mauricio: "Licensed to kill"]

[Text]

TWO RECENT developments, closely interrelated, indicate a reactionary tendency of the government which runs counter to the liberal and progressive character carefully nurtured by the Aquino administration during the early months after it came into power.

These developments pertain, on the one hand, to the proliferation of private armed gangs which are licensed to kill anyone they suspect to be NPA hitmen or "sparrows" and, on the other hand, to the elevation by presidential nod of approval of armed self-professed bandits into the status of patriotic defenders of democracy.

Both developments show that the Aquino government, far from being the opposite of the Marcos government that candidate Corazon Aquino promised the people during the 1986 presidential campaign, has reverted to a bankrupt policy that her predecessor had followed from the time he came into power and which, up to his last days at Malacanang, had failed to stem the tide of insurgency.

Unadulterated Drivel

IN HER VISIT to Davao last weekend, the President made the nation understand that she was making a distinction between what she considered to be an unarmed

private army and an armed one.

That was why she refused to give open support to the Alsa Masa (literally, Masses Arise), whose automatic rifles and other firearms had been issued by the military, but did not have any hesitation in giving open endorsement to the Nakasaka private army, which allegedly did not use arms -- only bolos, kris and long knives.

Whoever fed the President that unadulterated drivel had such a poor respect for the intelligence of the Filipino people. And the fact that the President swallowed it whole reflects poorly on her understanding of the state of insurgency in the country.

And yet it is hard to believe that Mrs. Aquino could be that naive. She must have known, even when her husband was still mayor of Concepcion town, in Tarlac, that private armies already existed. Organized by the big landowners fearful of a movement that might lead to their dispossession of their landed estates, the quasi-military groups lay claim to a status of respectability (a little above that of bandits) by professing determined anti-communism.

These anti-communist private armies, known far and wide as "Monkees," never admitted they were armed. But the people among whom they operated knew better.

While the military units present in the sector in which the Monkees operated pretended not to know wherefrom their arms came, every-

one knew that many of these weapons came from the government military arsenals if they had not been smuggled into the country by the landlord gentry.

Paramilitary Evil

THE PRIVATE ARMIES which are the Alsa Masa and the Nakasaka of Davao, as are their counterparts in Lanao, Cebu, Negros, Panay, and Northern Luzon, and the so-called "Eagles" group which enjoys the protection of the police of greater Metro Manila -- all of them inflict vigilante justice -- the kind of justice prevalent in the wild and woolly West of the USA -- by invoking a principle which finds favor with most Filipinos blinded by decades of "cold war" brainwashing.

In the name of anti-communism, they take justice in their own hands. They constitute themselves into both accuser and judge. It is obvious that the likelihood of abuse is greater than the desirable end sought to be achieved.

This is a possibility that should not have been difficult for President Aquino and her advisers to see.

It is the same evil sought to be eradicated by the members of the Constitutional Commission when they drafted, and by the Filipino people when they approved, section 23 of the transitory provisions of the Constitution which provided for the dismantling of private armies and other armed groups not recognized by duly

constituted authority, and paramilitary groups including the Civilian Home Defense Forces (CHDF).

For the Heck of It

THE PRESIDENT may be granted the benefit of a doubt on the presumption that she was moved to praise the Nakasaka out of a fierce desire to end a festering sore.

But her attention must be called to the fact that the method she is pursuing aggravates the cancer she wishes to excise from the body of the nation.

Even granting that the proliferating anti-communist armies are now armed only with bolos and knives, there is no telling how easy it would be for them to graduate from a bolo-wielding contingent into a sophisticated arms-bearing army less subject to inhibitions and to discipline by legitimate authority.

In the beginning -- it may be conceded -- this raw army might be so careful as to kill only those whom they had identified, through judicious investigation, as insurgents and, therefore, enemies of society.

But what is there to prevent these licensed killers, individually or in groups, to use their guns just for purposes of vendetta -- or, as it so often happens, just for the heck of it?

It is a thought that is morbid to contemplate. Even by a President committed to implement an ironhanded anti-insurgency policy recommended by benevolent masters.

ENVOY TO USSR ON 'RED SCARE,' LOCAL NPA SUPPORT

Manila MANILA BULLETIN in English 4 Apr 87 pp 1, 13

[Article by Olaf S. Giron: "Red Scare Noted"]

[Excerpt]

The Philippine ambassador to Moscow noted yesterday the existence of a "red scare" in the country but said that the Soviet threat should be distinguished from the communist insurgency.

Ambassador Alejandro Melchor told newsmen that the local rebels were able to gain adherents and support from the people because they talked in terms of indigenous national issues.

"The New People's Army gained strength because they took on indigenous issues," he stressed.

On the other hand, he noted, dissidents in other countries who preached "imported" ideology "were wiped out."

Melchor said national security should not be narrowly interpreted in terms of military security, pointing out the economic dimension in its broad definition.

The Soviet interest in the Philippines increased as a result of General Secretary Mikhail Gorbachev's Vladivostok speech last July in which he formulated the USSR foreign policy regarding the Asia-Pacific region, Melchor said.

The large part of that speech concerns developing the economic resources of the area to improve the quality of life and welfare of the people there, he declared.

He said the Soviet Union is trying to improve its relations and image in the region and

"this is why they're trying to work out some solutions vis-a-vis Cambodia and Afghanistan."

"It is not in their interest to support revolutions here if that is their broad objective," the envoy said.

Melchor recalled that when Gorbachev assumed office two years ago, he faced serious foreign policy problems and an economy that had been stagnant.

"For a superpower she was falling behind and her economic growth was lagging behind in terms of quality of products, and these are the things Gorbachev is trying to correct," Melchor said.

"I don't see how he can correct this if he's going to trying to gobble up the Asia Pacific region," he added.

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CSO: 4200/498

AMNESTY MAY GIVE 'BENEFIT OF DOUBT' TO FALSE REBELS

Cebu City SUN STAR DAILY in English 10 Apr 87 pp 1, 2

[Article by Eileen G. Mangubat]

[Text]

The on-going amnesty hearings for rebel-returnees at the Capitol give petitioners the "benefit of the doubt" when they claim they broke the law because of their political beliefs, according to an amnesty official.

But what if they turn out to be fake rebels?

The danger exists, admits lawyer Tranquilino Ortega, chairman of the Cebu Provincial Amnesty Board.

However, "the inclination is to grant rather than not to grant amnesty," said Ortega. This, he explained, is the "spirit" of the amnesty policy outlined in Proclamation No. 80 by President Aquino.

The question of pseudo-rebels cropped up with the hearing and speedy grant of "complete and full amnesty" to 5 self-confessed rebels from Catmon in the board's maiden session Wednesday afternoon.

They were the first batch of 38 Catmon dissidents under slain Kumander Gilbert Cudias to be lined up in next sessions.

The much-publicized 1986 Catmon mass surrender, how-

ever, was denounced as "fake" by the Communist Party in Cebu.

In press releases and cease-fire-period interviews, the underground has admitted difficulty in recruiting in northern "Durano country," much less arm Red-fighters there.

DSSD SCREENING

Ortega explained that the provincial committee relies much on the earlier screening by the Department of Social Services and Development (DSSD) and input from knowledgeable military sources.

The screening is done with careful secrecy to protect petitioners from possible reprisal for defecting from the revolutionary movement.

They also have to cross-check with the courts and law enforcement agencies to see if an applicant is facing charges or investigation elsewhere.

Only during the board hearings are the names of the rebel-petitioners brought out in the open.

CUDIAS KILLER

Victoriano Duran alias "Kumander Dodong," a neatly-dressed young man in his 20s, told the board last Wednesday he had indeed killed the notorious Gilbert Cudias in March 1985.

Cudias has been alternately pictured as a rebel chief by the military, and a plain bandit leader by critics who claim Cudias was "freed" from jail as an asset by a former Cebu military commander.

Most of the 8 petitioners heard so far claim they belonged to the "Philippine Liberation Movement" in Catmon.

Some, like Duran had surrendered guns to the military. Last Wednesday, Duran reminded the board of an Armalite and rifle grenade he had given up.

Cash "collateral" is given to rebel-returnees for their firearms, to help them pursue a new livelihood.

Asked why they joined the rebel forces, the common response is a brief remark about the ills of the Marcos dictatorship.

However, not one of the petitioners so far, have spoken of specific ideological reasons i.e. imperialism, feudalism and other such slogans.

In effect, they sound more like disgruntled citizens who took to the hills to flee Marcos-rule, than hardcore Communists.

CHALLENGE

Few members of the curious or empowered public have attended the Capitol sessions although they are held in open.

Perhaps one day a citizen may walk into a hearing and challenge an applicant's claim of "political" motivation for his misdeeds and accuse him of being a common criminal.

If that happens, said Ortega the committee, after hearing evidence may decide to disqualify an application. Or if amnesty has already been declared, reopen a case.

Proclamation No. 80 specifies that amnesty is given to one who proves he had violated any of 17 laws ranging from assault and treason to rebellion, for political and not personal reasons.

'CPP MINDANAO COMMISSION' OFFICIAL, OTHERS SEEK AMNESTY

Cebu City SUN STAR DAILY in English 10 Apr 87 pp 4, 23

[Article by Edralyn L. Benedicto]

[Text] The hearing of the Cebu provincial amnesty committee enters its third day today to decide on the amnesty application of eight former rebels who will reportedly include the former secretary general of the Communist Party of the Philippines (CPP) Central Mindanao Commission and his wife.

In the last two days, the Amnesty Council had granted "full and unconditional" amnesty to 10 former rebels, part of the 38 surrenders of Magaas, Catmon last year.

Romeo Capangpangan, Bayanihan Center liaison officer, said the two Mindanao-based returnees were listed numbers 38 and 39 in the over 40 amnesty applicants, but had requested their cases be heard first.

Their names were withheld by the committee for security reasons. This afternoon's hearing starts 1 p.m. at the Capitol session hall.

'NO RELATOINS'

Of the Catmon surrenders, whose granted amnesty yesterday included Leo Colonia, Jabel Nuneza, Nilo Querubin, Algerico Rica and Tobias Duran.

The Catmon surrenders

claimed to be members of the Philippine Liberation Movement (PLM), believed under the Communist led New People's Army (NPA).

NOT NPAs

But one of yesterday's amnesty grantee, Algerico Rica, informed the committee his group had nothing to do with the NPAs.

"Wala mi nagkaduol sa NPA," Rica told the committee members. Rica was not sure either if their slain leader,

Kumander Cudias, had any relations with the NPA.

The committee is composed of Maj. Isidro Juhan, AFP Judge Advocate I; lawyer Gregorio Bacolod, Citizens' Legal Assistance Office (CLAO); and chaired by lawyer Tranquilino Ortega, CLAO 7 regional director.

Absent for the last two days was lawyer Benedicto Alo, representing the Integrated Bar of the Philippines (IBP) Cebu province chapter.

Rica swore before the committee his group was "committed rebels" who fought the Marcos re-

gime.

The NPA-Cebu, in press statements following the Catmon surrenders, disowned the group, claiming their leader, Cudias, was "a bandit."

COLLATERALS

Based on the research of the Department of Social Services and Development (DSSD),

Capangpangan said Cudias was an NPA operating in Mindanao who broke off and organized his own in Cebu. Cudias was killed in a military encounter in Negros island in 1985.

Firearms returned by yesterday's amnesty grantees were: Colonia - .38 caliber pistol; Nuneza - ArmaLite; Rica - carbine; and Tobias Duran - Springfield cal. 30.

Aside from the uncollateralized livelihood and loan assistance component provided to rebel returnees under the amnesty program, surrendered firearms will command the following "loans": ArmaLite - P10,000; US carbine - P8,000; US Springfield - P1,000; and "paltiks" - P200, Capangpangan revealed. The firearm loan will be provided by the Department of National Defense (DND) handled in Cebu by RUC 7 chief Brig. Gen. Romulo Querubin.

To date, the Provincial Reconciliation Development Council (PRDC) has listed 41 amnesty applicants: the 38 Catmon surrenders, the two Mindanao-based returnees, and a rebel courier from Iba, Tulsay.

Capangpangan said only the Iba returnee is living in the Bayanihan center which, according to Querubin, can accommodate up to 500 persons.

WEEKLY REJECTS 'IDEOLOGUES,' COUNTERINSURGENCY GROUPS' ROLE

Quezon City VERITAS in English 26 Mar-1 Apr 87 p 11

[Article in "The Human Factor" column by Melinda Quinton-De Jesus: "Hysteria Does Not Help"]

[Text]

THE momentum of the anti-communist mobilization in Davao City has been described as approaching virtual mass hysteria. And the exchange of opinions in Manila regarding this phenomenon as reported in the press has also taken on the most strident tones. Such a discussion hardly promotes an understanding of the reality because it tends to project the problem in black and white.

When we visited Davao last January we found a community that was beginning to come to terms with its problems — in transition. The conscious distancing from the Left had not quite overcome the distrust of the military.

But the sense of optimism found many expressions among the masses. Given the change in government, people felt there were now better men to bring their problems to. They expected a more sensitive understanding of their plight. And should this not be available to them in their immediate environment, there was the conviction that someone, somewhere would lend them an ear. Clearly, President Cory made a difference.

The situation was complex but some things are clearer now with hindsight.

Because people generally perceived the government in a positive light, they saw their problems not as political, but as fundamental issues of survival: employment and livelihood, the ground on which their homes stand, the concern for safety in the streets. The feeling was, given a chance, the government would soon be able to attend to this.

The lower profile of the NPA was simply diminished by some people with the explanation: "It's different now. People believe in the government. Marcos is no longer around. People do not need the NPA anymore." And the defections from the NPA were also understood as people searching for other options, perhaps, better options in the guise of job opportunities. In their view, the relative or friend turning away from the rebels is not motivated by ideological reasons. Surrender is not necessarily caused by a disenchantment with Marxist or Communist doctrine. Mostly, these people were regarded as weighing the possibilities for a better life that the new government might offer.

Those who have pitched the battle for hearts and minds in ideological terms are missing a point. There is an anti-communism abroad in Davao, in the cities and in the countryside. But the message simply reads: "Leave us alone. Let us be. We do not want to pay any more taxes. Leave our sons and daughters alone. Let us live in peace."

It is a simple but strong statement. And the challenge to the Cory government, the local officials and the military, the church and business sectors, is how best to enable the citizenry to stand their ground with their message.

The ranting and raving ideologues are not the answer. What they have to say usually does not have anything to do with the people's basic needs and wants. The highly organized movements and campaigns that are manned, perhaps, manipulated by professionals in the private sector, military or local officials are also missing the point. Such movements must rely on grassroots initiative, nurtured and supported by the community. The high profile of government officials in connection with these movements tend to cloud the credibility of these groups as mass movements.

The government's role must focus on the creation and promotion of an environment where people can be free to live in peace, without fear of threat to their lives if they do not do as others tell them. The approach that intimidates will backfire at some point, even if it seems to be working now. The battle for hearts and minds must take into account loyalties that shift and waver until the basic needs are satisfied.

In the countryside and urban areas where the insurgency has become a fact of daily life that people have to deal with as a matter of routine, the formation of citizen groups makes sense. But all these attempts to organize citizens into counterinsurgency units will be for naught, if people do not, in the end, see the point of the exercise as giving them and their families what they need: jobs, homes, clothes on their backs, food on the table, schools for their children, medicine for the sick, decent burials for their dead.

Let those who think they have the answer ask the question: How do their solutions provide the people with more of the above?

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CSO: 4200/498

CHURCH LEADERS ON COUNTERINSURGENCY, SOCIAL CHANGE

Manila MANILA BULLETIN in English 1 Apr 87 pp 1, 12

[Article by D.M. Siytangco: "World Church Leaders Here"]

[Text]

Top church leaders of the world will meet with President Aquino tomorrow afternoon and convey to her and the Filipino people the prayerful solidarity of the international community.

The Rev. Dr. Emilio Castro of Uruguay, secretary-general of the World Council of Churches, and Archbishop Walter Makulu, one of the seven vice-presidents of the council, will pay their respects to Mrs. Aquino at 2 p.m.

They are here with representatives of 310 churches from 45 countries for the first conference starting today on "Urban Rural Mission - Celebration and Challenge '87" at Hotel Mirador sponsored by the Commission on World Mission and Evangelism of the World Council of Churches based in Geneva.

Dr. Castro told a press conference yesterday that there was a special interest on the part of church leaders and workers in the Philippines. He attributed this to the history of the Urban Rural Mission here and the radical but

peaceful social change brought about by prayers and love in the 1986 February revolution.

He explained that the Urban Rural Mission is a movement of people concerned with people in their urban and rural settings. Canon Kenneth David, executive director of the URM, said that the conference was a historic "first" as it was hard to bring prominent church leaders together in one place. The URM is the Christian churches' response to the problems brought about by urbanization and industrialization. It has its roots in India in the 1960s.

The WCC emphasizes unity among the family of churches. Its activities fall under four general areas — unity, mission, service, education and renewal. As a forum, Dr. Castro said that it places no sanctions on its members. It exists for solidarity in one faith and in "one eucharistic fellowship expressed in worship and common life in Jesus Christ."

The ecumenical grouping of WCC is the

biggest. Its counterpart in the Roman Catholic Church is the Vatican and it maintains close links with the Holy See in matters of ecumenism.

The National Council of Churches in the Philippines liaisons with the council.

Dr. Castro expressed "sadness" when asked to comment on President Aquino's announced "war" against the local insurgents. However, he clarified that his was a personal sentiment, not a judgment.

"I feel sad that the situation here has deteriorated in the loss of lives and property," he said as he voiced the hope that there will always be Christians and non-Christians alike who will persist in pursuing peace so that the "mystical gains of the peaceful revolution will not be lost."

He also said, in a response to a question at the open forum, that people will always be under great temptation to manipulate the church and its workers "to the right or to the left."

He stressed that the duty of the church worker is toward the moral

and spiritual well-being of his flock, but in several extreme situations churchmen have been known to enter into the political arena.

Dr. Castro cited the case of the late Archbishop Makarios who became president of Cyprus after the British left the island. No one could unite the people, so the religious leader felt compelled to enter politics to save his country, he said.

Another strong religious leader is Bishop Tutu of South Africa, Dr. Castro said. People follow him and his moral leadership has strong influence on the apartheid problem there.

Changing social structures for economic

recovery can take time, he said but what should be immediate is the return of civil liberties and the protection of individual rights.

He said that with the freedom now enjoyed by the Filipinos, more popular groups for the people have emerged. Only people with "bad habits" would mistrust these popular organizations out to help the poor, he added.

Tomorrow, and April 3 and 4, Dr. Allan Boesak, president of the World Alliance of Reformed Churches, will conduct bible studies. Dr. Castro will give a public lecture tomorrow at 5 p.m. at the Cathedral of the Holy Child on Taft Avenue.

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CSO: 4200/498

AQUINO CITES FILIPINO-CHINESE ROLE IN IMPROVED ECONOMY

Manila MANILA BULLETIN in English 4 Apr 87 pp 1, 16

[Text]

President Aquino commended the Federation of Filipino-Chinese Chambers of Commerce yesterday for its help in improving the economy.

In short remarks after the induction of officers and directors of the federation, the President said, "I would like to thank you for helping promote unity, stability, and a better economy for our country."

She added that "this way, we would be able to generate more employment opportunities for our people."

The President thanked the officers and directors of the federation for their pledge to construct some 150 school buildings throughout the country.

"I wish to thank you for your pledge of coop-

eration in promoting the education and the uplift of our people," the President said.

The President emphasized that the primary objective of the government is the proper education of the Filipino children.

Mrs. Aquino received a miniature model of the schoolhouses to be constructed in depressed areas from federation president Domingo Lee, Ralph Nubla, honorary president, Yao Fio, immediate past president, and Leonardo Ty, a former president.

In an interview, Lee said that during his two-year tenure the federation would construct 150 school buildings. Consisting of two classrooms, the schoolhouse will cost from P90,000 to P100,000 each.

The donors will select the sites for the schoolhouses, Lee said.

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CSO: 4200/498

JAPAN MAY SCALE DOWN 14TH YEN LOAN PACKAGE

HK161423 Quezon City BUSINESS DAY in English 16 Apr 87 p 3

[Article by reporter Michael D. Marasigan]

[Text] The improvement in the Philippines' balance of payments (BOP) coupled with the "insufficient projects to be financed" could reduce by 25 percent the amount requested under the 14th yen package to between yen 50 billion and yen 60 billion, a Japanese embassy official said yesterday.

Yasuaki Tanizaki, the embassy's chief economic officer, told BUSINESS DAY a Japanese mission which visited the Philippines last 31 March assessed that there are "no sufficient projects in the Philippines which can be financed under the 14th yen package. The improving BOP situation also does not warrant a huge commodity loan from Japan."

The Philippines, before the state visit of President Corazon C. Aquino to Japan last November, was requesting for a yen 130 billion under the 14th yen loan package. However, during her visit the requested amount was scaled down to yen 80 billion.

Half of the (revised) amount requested will finance a total of 16 projects while the other half will be granted as a commodity loan, normally given by Japan to Third World countries suffering from poor balance of payments positions.

However, when the Japanese mission evaluated each of the 16 projects with local economic and financial officials, it was assessed that yen 40 billion will not be enough for the 16 projects. All of the projects requested for financing will need about yen 50 billion Tanizaki said.

"It has become rather a very complicated situation," Tanizaki said. He explained that while the Japanese mission felt that a bigger amount would be needed to accommodate all of the projects, some of the projects also got a negative response from the mission.

"These projects have to be dropped," Tanizaki said without giving details. According to the embassy official, the 16 projects were grouped into three categories with the first "considered as promising."

The second group was "rejected" while the third was classified as those "still being discussed further." The Japanese official cannot disclose how much the project loan will amount to until the status of each of the projects belonging to the third group is finally classified as whether "promising" or "rejected."

Tanizaki also disclosed that the yen 40 billion requested as a commodity loan will have to be reduced due to the improving BOP situation.

Preliminary figures from the Central Bank indicate that the BOP for the whole of 1986 will reach a surplus of between \$1.1 billion to \$1.2 billion. This is a complete reversal of BOP positions over the past several years wherein the country always suffered a deficit.

Based on the mission's assessment, Tanizaki said the amount of the 14th yen package (both for the project and commodity loans) will be between yen 50 billion and yen 60 billion.

Asked whether the smaller loan package has anything to do with the kidnapping (and the subsequent release) of Mitsui Co. Ltd. executive Nobuyuki Wakaoji, Tanizaki replied: "There is no connection."

"The fact that a Japanese mission was sent last 31 March, even before Wakaoji was released, proves that we didn't suspend our aid to the Philippines despite that unfortunate incident," he said.

He said that the kidnapping will have no "linkage" with Rp-Japan relationships. "It will not even affect future official development assistance to your country," Tanizaki said.

"The real reason is that we cannot give the Philippines a package amounting to yen 80 billion is because it will equal the amount that we have granted for Indonesia and Thailand both."

He further explained that the yen 50 billion to yen 60 billion under the 14th yen loan will still exceed the yen 49.5 billion granted under the 14th yen package.

"If we give the Philippines a package amounting to yen 80 billion, it will mean 60 percent increase (from the previous package) and we have never done this before," he said.

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CSO: 4200/496

STRICTER ENTRY RULES FOR JAPANESE UNDER STUDY

HK161539 Manila PHILIPPINE DAILY INQUIRER in English 16 Apr 87 p 3

[Article by Chay O. Florentino]

[Text] The Philippine Government is seriously considering a proposal to impose stricter entry rules on Japanese nationals planning to visit the country, as a result of suspected Yakuza operations here, foreign affairs department sources said yesterday.

The DFA [Department of Foreign Affairs] has received reports on numerous cases of exploitation of Filipino entertainers in Japan who have, however, out of fear refused to name their recruiters. President Aquino herself had expressed concern about the "tarnished image of Filipino women... in Japan, as well as their welfare," according to the minutes of a meeting held among Filipino officials and other persons involved in the protection of Filipino workers in Japan.

Women who have been interviewed by nuns and priests actively working with the exploited Filipinos named a common recruiter in Osaka, a certain "Mommy Rose" whose daughter is reportedly married to a Yakuza member.

Authorities claim that evidence pointing to a link between the Japanese police and the Yakuza exists. This has made the imposition of laws against Japanese recruiters more difficult.

Sources said the tourism department here is expected to oppose plans to enforce stricter entry rules since Japan is one of the country's major sources of tourists and businesses. Last December, Ambassador to Japan Ramon del Rosario said at least 20,000 Japanese tourists a year will be affected by such a plan.

In a paper prepared by the Catholic Commission on Filipino Migrant Workers in Japan, the Japayukisan--meaning women from Southeast Asia who come to Japan to work as bar girls, hostesses, strippers, among others--particularly those who enter Japan with tourist visas good for 15 days only and who end up as illegal workers, are the most vulnerable to exploitation by the illegal recruiters.

With expired visas and passports held by their captors, the women are reportedly sold as prostitutes through telephone contacts.

While supposedly recruited as "dancers," Filipino entertainers are asked to perform lewd acts, such as lesbian routines since the manager of their nightclub insists these acts are also a form of dance.

"Super-hirap ang trabaho. Hindi na bale ang paglinis ng toilet. What I can't stand is hihipuin ako ng customer and the master will get mad kung hindi ako magpapahipo," complained one Japayukisan to the commission. (The work is very difficult. I can stand cleaning the toilet, but I can't stand being touched by customers. The master gets mad when I don't allow it.)

Some Japanese nightclub owners, however, claim that singers and dancers working as hostesses is an accepted practice in their country. "The girls know this when they are recruited so they have no reason to complain," according to one owner quoted by the report.

Racial discrimination is another factor which worsens the problem of Filipino entertainers. They are looked down upon as people who "would do anything for money," said the same report. "Japanese feel allergic to Filipinos. Associating with them scares you that you will catch some infectious disease," is one manifestation of this derogatory Japanese attitude.

Ambassador del Rosario was quoted as saying that there are four control points with regard to the problem of Filipino workers in Japan. These are: issuance of passports and visas, registry of entertainers with the labor ministry, and penalty for employers of illegal aliens.

Sources at the foreign department said that implementing such measures may take considerable time, and that imposing stricter entry rules may not necessarily solve the problem. They claim that Filipinos who are determined to land in Japan as entertainers, believing better opportunities are in store for them there, cannot be stopped even by the foreign department from doing so.

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CSO: 4200/496

LIFTING OF IMPORT RESTRAINTS 'ACCELERATED'

HK141503 Quezon City BUSINESS DAY in English 14 Apr 87 p 2

[Text] The Board of Investments (BOI) and the National Economic and Development Authority (NEDA) have agreed to accelerate the lifting of import restraints on some 24 products out of the 299 remaining products covered by the government-sponsored import liberalization program, Economic Planning Secretary Solita C. Monsod said yesterday.

The 24 items are part of the group of 74 items recommended for accelerated liberalization by the Tariff Commission earlier. The remaining 50 items are still "to be discussed" by the technical committees of the NEDA and the BOI.

The economic planning secretary said the NEDA executive board has agreed to the rationalization of tariff rates--a move she said would help obviate technical smuggling.

Monsod said government has been receiving a lot of complaints about technical smuggling through the misclassification of goods that government has opted to use either weight or type of product in the classification.

To implement the move agreed upon between Monsod and Trade and Industry Secretary Jose S. Concepcion Jr. during last Friday's weekly Monetary Board meeting, Monsod said government is studying the possibility of imposing duties on products prone to technical smuggling based on weight.

Government intends to impose ad valorem or specific duties, whichever is higher, after preliminary government reports indicated that a lot of imported goods have been misclassified.

Meantime, Monsod said the national government intends to subsidize half of the 10 percent duties imposed on raw material imports of stateowned National Steel Corp. [NSC]

The tax expenditure plowback, which has been estimated at P11 million a year, has to be given to NCS to ensure that the downstream users would not be affected by higher prices, Monsod said. "NSC will close down if government does not provide this subsidy," Monsod said.

The subsidy, which the Monetary Board has approved, is a government remedial measure for firms directly affected by the lifting of import restraints to circumvent earlier announcements of the Department of Finance that there would be "no exceptions" from the imposed uniform tariff, Monsod said.

Government will discuss the matter of the NCS subsidy with the Fiscal Incentives Review Board (FIRB) which recently turned down NSC's proposal for a subsidy.

As for the 50 percent tariff on imported tires, Monsod said government intends to lower tariff on raw material imports of tire manufacturers as proposed by Secretary Concepcion.

The proposal to rollback tariffs on raw material imports, she said, came after consultation with tire manufacturers who foresee a severe tire supply shortage due to increased cost of imports.

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CSO: 4200/496

DECREE TO REORGANIZE TRADE DEPARTMENT ISSUED

HK101303 Quezon City BUSINESS DAY in English 10 Apr 87 p 3

[Text] Malacanang Tuesday released Executive Order [EO] 133 reorganizing the Department of Trade and Industry [DTI] and making it a "promotive, facilitative and regulatory arm of government for the country's trade, industry and investment activities."

The order stated in part that the government is "committed to a private sector-based growth strategy that encourages private initiative and creates a dynamically competitive economic environment."

Secretary Jose Concepcion, Jr. yesterday issued a department order to implement the revamp.

President Aquino envisions a socially responsible program of deregulating business to enhance equal opportunity to small or large, rural or urban members of the business community.

Advisory councils with members from the private sector will be created to help in drafting policies and implementing and evaluating programs, the EO said.

According to the aims of the EO the state will streamline, simplify or reorient business-related laws with a view to increasing entrepreneurial activity and improving industrial productivity.

The EO empowered the DTI to plan, implement and coordinate activities of the government related to trade, industry and investments.

DTI was also authorized to encourage and support the creation of people's economic councils at regional, provincial and town levels as well as other trade, industry and consumer protection institutions or associations.

The EO also empowered the DTI to draft and employ programs to strengthen industries hurt by the economic crisis, particularly those with good chances of attaining viability. Furthermore, the DTI must coordinate efforts to make long-term plans with the private sector.

The DTI was further authorized to create plans and carry out programs to foster dispersal of industries to rural areas, promote manufactured goods for export, and develop small and medium-scale industries.

The DTI has been held responsible for devising country and product export strategies, as well as guiding the export promotion and development thrusts of the government. The DTI has also been assigned the primary role in negotiating and reviewing international trade pacts, particularly quotas limiting commodity exports, to arrive at programs for renegotiating more favorable terms.

EO 133 has retained the number of undersecretaries at five, one each for five major work groups at the department: industry and investments, domestic trade, international trade, regional operations, and policy planning and support services.

Five assistant secretaries will assist the DTI secretary and undersecretaries.

The EO has also created, merged, split and abolished several agencies. The powers and functions of the abolished agencies were transferred to the other DTI units.

Abolished were the Philippine Cement Industry Authority, the Commission for Heavy Engineering Industries, the Presidential Advisory Committee on the Copper Industry, and the Bureau of Industrial Development.

The EO also gave the secretary the standby powers and functions of the former Price Stabilization Council which he can employ in emergency situations.

It also reorganized the National Cottage Industries Development Authority into a cottage industry technology center to continue to help cottage industries in technology development and training. Its central operations as well as those of the Bureau of Small and Medium Industries and the Small and Medium Enterprises Development were consolidated under a new agency, the Bureau of Small and Medium Business Development.

Nacida's regional operations were made part of the integrated DTI regional offices.

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CSO: 4200/496

CHAMBER OF COMMERCE ON WAGE INCREASE MISGIVINGS

Manila MANILA BULLETIN in English 4 Apr 87 pp 1, 12

[Article by R.P. Tuazon: "Business Explains View on Wages"]

[Text]

While businessmen do not oppose wage increases *per se*, improper timing of this move will revive labor unrest, particularly in small industries which cannot yet afford to pay higher wages, Aurelio Periquet Jr., president of the Philippine Chamber of Commerce and Industry, said yesterday.

For this reason, wage increases should be deferred pending realization of gains from the economic recovery program.

Periquet said that while business prospects are brighter today, "untimely and unreasonable wage demands will impede the rate of economic recovery as these may turn off investors."

He said that considering that business is just beginning to pick up, wage increases may be

viewed as premature.

"Priority should be given to finding new export markets to allow industries to expand," he said. "This expansion will enable enterprises to increase wages in due time and also provide more employment opportunities."

Periquet said that investments fell in 1986.

While new domestic firms reflected a 12.5 percent improvement over 1985, the situation was reversed concerning initial capital investments.

"The level slid down to P1.35 billion for the same span last year from 1.68 billion in start-up capital during the March-December 1985 period, or a decrease of 19.71 percent," he said.

While more domestic corporations were formed in 1986, their aggregate initial capital

investments of P1.21 billion showed a contraction of P329.11 million, or 21.36 percent less than the P1.54 billion start-up investments in fewer domestic corporations during 1985.

He said, however, that statistics on capital withdrawal show optimistic trends.

"While both periods of 1985 and 1986 saw almost the same number of business shutdowns, there were more corporations and partnerships which bowed out of business in 1985 than in 1986," he said.

This contrast was apparent in the capital outflow of P1.48 billion in 1985 compared to P392.34 million in 1986.

"The heavy increase in capital withdrawal in 1985 amounted to P1.08 billion, reflecting a 73.38 percent jump after only one year," he said.

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CSO: 4200/498

KMU OPPOSES GOVERNMENT INTERVENTION IN WAGES

Quezon City ANG PAHAYAGANG MALAYA in English 4 Apr 87 p 3

[Text]

The Kilusang Mayo Uno recently said it favors the non-intervention of government in the fixing of the minimum wage except in cases of "extraordinary inflation."

The KMU, however, asked the government to integrate first the cost-of-living allowance in the minimum wage. After integration, an across-the-board increase of P10 should be given to workers in the private sector and "wage distortions" in enterprises should be corrected, the KMU said.

Under the KMU proposal, submitted Tuesday to the Department of Labor and Employment, the minimum wage for workers would stand at P64 for non-agricultural workers, P54 for plantation workers, P53 for non-plantation agricultural workers, and P53.50 for those employed in enterprises with less than 50 workers.

The minimum wage at present

is P54. The last wage hike was approved in 1984 by deposed President Marcos.

After the integration, government should no longer legislate wage increases except in cases of "extraordinary inflation or deflation," the KMU said.

A wage order can be issued by President Aquino only after consulting labor and employers, the KMU added.

Meanwhile, the Labor Advisory and Consultative Council will submit to the labor department its stand on the wage issue next week.

In a meeting Tuesday night, the council formed a committee made up of leaders from the four trade union blocs to draft the position paper. The Trade Union Congress of the Philippines, which quit the LACC last year, is asking for a 30 per cent increase in the minimum wage.

The KMU paper said that after the wage integration, free collective bargaining should be the mode of wage fixing at the company level, a position earlier taken by Labor Secretary Franklin Drilon.

The KMU is also asking for the lifting of exemptions from the minimum wage law. It said the labor department should strictly enforce wage decrees and take measures against companies found violating the laws on minimum wage.

The government should also take steps to reduce the income tax on wages of low salaried employees, the KMU said.

A profit-sharing scheme, whereby 10 per cent of a company's net income from operations is allotted yearly on a proportional basis to all employees, should be required by government, the labor groups added.

The KMU also sought an increase in the 13th month pay and the removal of all exemptions and limits, and a "year-end productivity bonus."

GOVERNMENT REJECTS BUSINESS-PROPOSAL STRIKE BAN

HK161508 Manila PHILIPPINE DAILY INQUIRER in English 16 Apr 87 pp 1, 8

[Article by Glenda Gloria]

[Text] The government will not impose any ban on strikes, despite a strong lobby from business groups for a five-year strike moratorium, Labor Secretary Franklin M. Drilon said yesterday.

He stressed that any agreement on a strike moratorium must be reached voluntarily by both workers and employers, ruling out any government intervention on the matter.

A government-sponsored strike moratorium would be tantamount to a strike ban, Drilon said. He added that the labor department would rather see both business and labor "voluntarily expressing restraint of their rights" provided by law.

Drilon said he was satisfied with a consensus reached recently by the Employers Confederation of the Philippines (ECOP) and the Labor Advisory and Consultative Council (LACC) on strict adherence to the "no strike, no lockout" provisions in collective bargaining agreements (CBAS).

But the labor chief disputed claims made by the employers' group that the growing restiveness of organized labor has exceeded tolerable levels.

"Current statistics would disprove this claim," Drilon told newsmen in his weekly news conference. He said the number of workers involved in strikes this year decreased, compared to that of last year. From January to April this year, a total of 21,729 workers went on strike as against 51,349 during the same period last year.

Drilon said there are 36 ongoing strikes nationwide and that 27 of these involve companies with less than 100 employees.

The employers' group earlier said a five-year strike moratorium would be the most effective means of ensuring industrial peace and would coincide with the government's projected time-frame for its economic recovery program.

Labor rejected this proposal.

Meanwhile, Drilon ordered a garments factory to pay its 435 workers a total of P10 million in back wages and benefits.

Lawman Industrial Corp shut down in January 1983 due to financial instability. The company was then ordered to reinstate its 435 employees in a sister corporation, the Libra Dolphin garments. The order said the workers were entitled to collect P24,735 each as back wages and benefits.

The labor department first assumed jurisdiction over the case on 17 March, 1983 and ordered the management to accept returning workers affected by the illegal shutdown.

The National Federation of Labor Unions brought the case to the Supreme Court which decided it in favor of the workers.

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CSO: 4200/496

LABOR SECRETARY REPORTS ON GOVERNMENT EMPLOYEES, STRIKES

HK161518 Quezon City BUSINESS DAY in English 16 Apr 87 p 20

[Text] The inter-agency committee on public sector unionism, created by President Aquino to study unionism in government service, believed government employees cannot go on strike, Labor Secretary Franklin Drilon said yesterday.

The right to strike is qualified in the Constitution by the clause, "as provided by law," Drilon noted. "We will accordingly inform the government unions that under the present laws, they have no right to strike."

Drilon disclosed this to newsmen and said the final recommendations of the committee will be submitted to President Aquino after next week.

Drilon revealed that the committee, which brings together the labor, budget, and justice secretaries as well as the Civil Service Commission chairman and the Government Service Insurance System, has so far resolved the issues on registration of government unions as labor organizations and on the composition of the bargaining unit.

It was recommended by the committee that the registration of government unions will need the approval of both the Civil Service Commission and the Department of Labor and Employment.

It will also decide that the procedure for registration would follow basically those for employees in the private sector as outlined in the labor code.

On the strike moratorium proposed by the Employers' Confederation of the Philippines (ECOP) during last weekend's national tripartite in Tagaytay, Drilon said the labor department would welcome a voluntary agreement on strike moratorium by both labor and management.

However, he said, it is opposed to the idea of an imposition of a strike ban.

During the tripartite, labor representative shunned the idea of a five-year strike and lockout moratorium even as a tradeoff for the integration of the cost of living allowance (COLA) into the basic pay.

The labor secretary also belied reports to ECOP that strikes at present have "exceeded tolerable proportions" and that labor is restive.

Drilon pulled out a set of statistics proving his point that the strike situation is more favorable today than in the past. He cited that from 1 January to 7 April, 1987 the number of workers involved in strikes was 21,729 while in a similar period in 1986, striking workers totaled 61,349 and in a similar period in 1985, 25,000; Mondays lost for the same period in 1987 was 531,000 while in a similar period in 1986 it was 975,319 and in a like period in 1985, 642,231; the number of on-going strikes nationwide for the first quarter this year is 36 with 27 involving only companies with less than 100 workers while for the first quarter last year, the figure was 65 and in 1985's first quarter, the number of strikes was 56.

On the representation issue which marred the tripartite conference, Drilon said the labor department is aiming to solve this through a membership audit of all unions and federations.

The department is requesting all federation to submit to it the number of collective bargaining they are involved in. "We are doing this so we can have a rational basis for resolving the representation issue," Drilon said.

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CSO: 4200/496

LABOR LEADERS ON ISSUES FOLLOWING TRIPARTITE CONFERENCE

HK150235 Quezon City BUSINESS DAY in English 14 Apr 87 p 2

[Text] After having called the just-concluded national tripartite conference on industrial harmony "the best and most peaceful so far," labor leaders, in the aftermath of the conference, are no longer so congenial. The Labor Advisory and Consultative Council (LACC), whose representatives took most of the seats in the tripartite, said yesterday it will continue to fight for its demand for the integration of the cost of living allowance (COLA) into the minimum wage as well as for a P10 across-the-board increase to follow--issues which were not fully agreed upon in the Tripartite. LACC, through its representative senatorial bet Crispin Beltran, said they will take their struggle for these two and other points on all levels of society--from the factory level effecting a parliamentary of the streets to the halls of Malacanang in a dialogue with President Corazon Aquino.

The other issues which the LACC will continue to fight for is the repeal of B.P. [Batas Pambansa--National Law] 130 and 227, particularly in regard to the full restoration of the right to strike. The LACC is likewise seeking for the removal of the requirement to file a notice of strike in cases of unfair labor practice. The labor bloc, however, said it is willing to file notice for economic issues arising from CBA [expansion unknown] deadlock and differences of interpretation of the CBA.

The Trade Union Congress of the Philippines (TUCP), although boycotting this year's tripartite, has affirmed a similar stand on minimum wage rate adjustments and B.P. 130 and 227. The TUCP sent wire messages to both President Aquino and Labor Secretary Franklin M. Drilon on these two counts. The labor body, in its wire messages, cited its reasons for its wage adjustment demand. The TUCP said that there have been "considerable increases in prices since December 1984 when the last adjustment was made with prices having risen 14.2 percent between March 1987 and December 1984." The TUCP added that furthermore "prices are expected to increase by another 7.5 to 10 percent this year.

On B.P. 130 and 227, the wire messages contained an appeal to the president to implement her 1986 Labor Day proposal to amend the "restrictive and oppressive provisions" of the two laws.

The TUCP, on the other hand, considers the recent tripartite a failure for "not coming up with substantial agreements to benefit workers." TUCP Secretary General Ernesto Herrera furthermore said the conference had "failed to draw up a solid framework for further concretizing the worker's gains" in the tripartite. He said also that TUCP is "lamenting" over the little that has been done for government workers who, it said, are receiving 30-40 percent less than the private sector.

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CSO: 4200/496

EMPLOYERS REJECT LABOR WAGE HIKE PROPOSALS

HK110046 Manila Far East Broadcasting Company in English 2300 GMT 10 Apr 87

[Text] In Tagaytay City, the Employers Confederation of the Philippines yesterday [10 April] resisted labor proposals for an increase in the minimum wage and incorporation of the cost of living allowance into it. This developed as the second national tripartite conference opened in the Development Academy of the Philippines, which was boycotted by the Trade Union Congress of the Philippines, or TUCP. The employers say they are amenable to incorporating only part of the present cost of living allowance of 510 pesos monthly to the basic pay.

On the TUCP boycott, TUCP President Democrito Mendoza said the boycott is in protest at the rejection of the demand for wage increase and the Ministry of Labor's favoritism for the labor advisory and consultative council, a cross-oriented group. Mendoza said there had been considerable increases in prices since December 1984 when the last wage adjustment was made. He added that from that time on, prices rose 14.2 percent. Mendoza explained that the prices are expected to rise by another 7.5 percent to 10 percent this year. The current minimum wage is not enough to buy food and other basic needs for a family of six.

Trade and Industry Secretary Jose Concepcion Jr also spoke at the tripartite conference and appealed for industrial peace in order to sustain economic recovery now picking up. Concepcion appealed to the two sectors to agree that no strikes or lock-outs will be declared until the efforts of the secretary of labor and employment in the trade and industries [as heard] had been fully tapped.

Concepcion said the current economic momentum presents a unique opportunity for labor and management to join forces with government in solving unemployment and eradicating poverty in the country. Citing the positive signs of recovery observed over the past three months, Concepcion said there is a need to sustain the growing momentum of the economy.

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CSO: 4200/496

BUSINESS SECTOR IDENTIFIES OBSTACLES TO GROWTH

HK141515 Quezon City BUSINESS DAY in English 14 Apr 87 p 2

[Article by reporter Gethsemane Selirio]

[Text] The growth of Philippine business is hampered by "industrial bottle-necks" that may be removed only through major policy changes by government.

This was the assessment of the country's top business leaders after a 10-day trade and industry policy and planning workshop which was also participated in by the academe and the government sector.

Businessmen stressed during the workshop that they will do their part in bringing about economic growth and development, including the expansion of the domestic market, so that new jobs may be opened and wages can rise.

The industrialists identified five major requirements of the private sector in attaining their ends. Business wants: fair competition in the local market; access to foreign markets and assistance in making manufacturers competitive in the world market; to put more local content in its products, fiscal measures to support industrialization and modernization; and a stable planning horizon.

To achieve its objectives, businessmen said there is need to remove bottlenecks in several areas. For instance, the cost of power for industry in the Philippines is higher than in other Southeast Asian countries. Local power is priced at P2.10 per kilowatt hour compared to Taiwan's P1.11-P1.33/kWh; Korea's P1.20/kWh; Hong Kong's P1.33/kWh; Jakarta's P1.33/kWh; Bangkok's P1.17-1.26/kWh; and China's P0.32-1.22/kWh.

Businessmen proposed that the cost of power for industrial use be reduced to P1.30/kWh so the Philippines can be competitive with its Southeast Asian neighbors.

A study undertaken by a group of businessmen during the workshop showed that the reduction of power cost to P1.30/kWh would reduce by 10 percent to 30 percent the total cost of items in selected industries.

Two other basic utilities, water and telecommunications, need to be improved in terms of cost and quality, businessmen said. It is a fact, they argued, that the water table in Manila is limited. However, growth of industry in Manila requires the development of water sources either through deep wells or by the Metropolitan Waterworks and Sewerage System.

A recent industry survey has shown that the total cost, including interest, of obtaining water from a deep well is P2.38 per cubic meter compared to the MWSS price of P4.66/m³. Such a difference should not exist and appears to be mostly a consequence of leakages, businessmen said.

As with power, businessmen said they need to know the reliability of water supply and its quality over the next 10 years. Appropriate supply-and-demand figures with schemes for reprocessing water supply need to be made available to the business sector.

Regarding the telephone system, businessmen aired out during the conference a common complaint of all subscribers of the Philippine Long Distance Telephone Co. While they adjudged the service in the Makati area to be "reasonable," the connecting systems for Makati to the industrial areas of Pasig, Marikina, Taguig, Calamba, Valenzuela, Novaliches and Montalban were termed as "extremely poor."

Businessmen suggested that major capital expenditure be incurred in upgrading the telephone systems in Metro Manila and to areas within 50 kilometers of Metro Manila, the export processing zones and key cities in the north and south.

Changes in fiscal policy that resulted in additional revenue for government but more costs for businessmen were also discussed during the workshop. Business seeks the repeal of executive orders 38 and 38-A which requires an importer to pay a penalty of 20 percent to 80 percent (of the price of the goods) for products that do not meet requirements of the Central Bank or Board of Investments.

Businessmen said the two EOS are just being used by "technical smugglers" as a way of going around the customs rules. The practice of auctioning smuggled goods was also criticized by businessmen since the unscrupulous importer still has access to the smuggled items. The recommendation during the workshop was to destroy all smuggled goods instead of auctioning them off.

On taxes and other tariff measures, business is proposing a reduction in direct taxes to 25 percent from the present 35 percent. The rationale given is that this will increase corporate savings, thus accelerating capital formation for reinvestment. Reduction of direct taxes, the businessmen pointed out, would also increase the return on investment particularly in manufacturing, thereby attracting more active investments.

The results of the workshop were submitted last week to government policy-makers through the Department of Trade and Industry. Secretary Jose S. Concepcion Jr. in his closing remarks said all proposals of the businessmen would be studied by his department and by the concerned government agencies.

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CSO: 4200/496

SAN MIGUEL TO SELL 12.05 PERCENT TO BOND CORP

HK141519 Hong Kong AFP in English 1316 GMT 14 Apr 87

[Text] Manila, 14 Apr (AFP)--Philippine brewer and manufacturer San Miguel Corp. has proposed to sell 12.05 percent of its stock to the Bond Corp. Holdings Ltd. of Australia for U.S. \$107 million, industry sources said Tuesday.

But the plan still needed the approval of Philippine President Corazon Aquino and the lifting of a restraining order from the government's corporate watchdog, the Securities and Exchange Commission, the sources said.

The stock dispersal plan suggested by San Miguel Chairman Andres Soriano calls for Bond to acquire 11.6 million class 'B' shares from a block of 14.66 million such shares sequestered by the government last year, they said.

The seizure was made on the grounds that the shares were illegally acquired by Eduardo Cojuangco, an estranged cousin of Mrs Aquino and a close ally of deposed President Ferdinand Marcos, using levies on the coconut industry imposed by Mr Marcos.

Under the plan, Bond would buy another 3.105 million unsequestered 'B' shares from the San Miguel retirement and death benefit plan. The scheme would leave Bond with over 14 million shares or 12.05 percent of the company's outstanding capital, second only to the Presidential Commission on Good Government which seized the disputed shares, the sources said.

Bond will have paid a total of 2.199 billion pesos (U.S. \$107 million) or 150 pesos (\$7.32) a share when the plan is completed.

Under the plan, A.N. Soriano Corporation, the holding company of the Soriano family, would end up holding 6.635 million shares or 5.46 percent of San Miguel's outstanding stock. The Presidential Commission would keep the largest block of some 22 million shares, or 18.1 percent, on behalf of the country's coconut farmers.

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CSO: 4200/496

CONTRACTORS SEE SHRINKING MIDDLE EAST JOB MARKETS

HK031347 Quezon City BUSINESS DAY in English 3 Apr 87 p 2

["Economic Indicator" column: "Middle East Job Markets Contracting"]

[Text] Philippine contractors, whose overseas operations comprise largely of labor subcontracts or manpower arrangements with established international prime contractors, encountered great difficulty in sustaining previous levels of overseas activity.

While keeping pace with the prime contractors' price adjustments to more stringent market demands, Philippine contractors had to contend with stiff competition from other labor-exporting countries.

Despite a continuing contraction of the international construction market, Philippine overseas contractors managed to post an increase of 36.09 percent in contract volume for 1986 valued at \$400.35 million. This indicated substantial turnover, as a result of project completion, from \$294.16 in 1985. New projects won in 1986 were worth \$88.05 million.

But in terms of foreign exchange earned, remittances in 1986 posted a negative growth of 30.15 percent with only \$100.76 million against \$144.26 million in the previous year.

Reduced oil revenues continued to affect development spending as several Arab countries battled to contain growing deficits. As a result, there was a general tendency to cut back on construction expenditures and to defer starting new projects. Tender schedules were either extended or postponed.

Philippine construction projects in the Middle East dwindled greatly with projects in Saudi Arabia suffering an abrupt fall to only eight from a previous 16 contracts, representing a value drop of 32.81 percent from \$44.34 million in 1985 to \$29.79 million in 1986.

New contract awards from Kuwait fortunately gained a modest \$79.49 million. Total value of contracts in Kuwait surged to \$273.09 million in 1986 from \$171.93 million in 1985, or by 58.84 percent.

Hopes of finding alternative opportunities in the Asia-Pacific region were largely not fulfilled and a construction boom is not expected in the short term. The volume of construction business in the region decline as export commodity prices decreased and growth rates slowed down. However, due to the interplay of factors inherent to Filipino contractors (such as low price and quality performance), Philippine projects gained ground in Nepal, Brunei, Maldives and Antigua amounting to \$4.15 million new contracts won in 1987. Besides, the ongoing contracts in Indonesia managed to perk up 0.3 percent from \$59.85 million in 1985 to \$59.87 million in 1986.

Among international prime contractors, a reduced market exacerbated already fierce competition, with easier financing becoming the main instrument for attracting new orders. Among labor suppliers, like the Philippines, the competition for reduced business means downward pressure on wage levels.

Host-country contractors have steadily chipped away at the construction shares of expatriate firms as enforcement of host-country protectionist policies gained momentum, following local firms' clamor for a bigger share of the construction business.

Geographic Distribution of Overseas Project Contracts

Country	1986			new con- tracts won (U.S.\$ mn)	1985		
	num- ber of pro- jects	total amt.of con- tracts (U.S.\$mn)	percent distri- bution		num- ber of pro- jects	total amt. of tract (U.S.\$mn)	percent distri- bution
Kuwait	4	273.09	68.21	79.49	5	171.93	58.45
Indonesia	1	59.87	14.95	-	1	59.85	20.35
Saudi Arabia	8	29.79	7.44	4.41	16	44.34	15.07
Iraq	1	20.46	5.11	-	1	2.89	0.98
Libya	1	15.15	3.78	-	1	15.15	5.15
Nepal	1	1.02	0.25	1.02			
Brunei	1	0.47	0.12	1.96			
Antigua	1	0.31	0.08	.31			
Maldives	1	0.19	0.05	.86			
TOTAL	19	400.35m	100.00	88.05m	24	294.16m	100.00

Source: Philippine Overseas Construction Board (POCB)

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DECREASE IN BANK RATES CONTINUES

HK021243 Quezon City BUSINESS DAY in English 2 Apr 87 p 2

[Text] Peso deposits as well as bank lending rates as of last February continued a downtrend began in September 1986 when the Central Bank [CB] embarked on a credit expansion program.

CB statistics based on deposit and loan rates of eight selected banks showed that the weighted average interest rate (WAIR) for secured loans ranged from 10.92 percent to 14.26 percent in February, 1987 (based on maturities) from the 1986 range of 17.33 percent to 42 percent.

Yet, low lending rates notwithstanding, demand for loans has been consistently slack, and banks are beset with too much liquidity they have had to invest heavily in government securities and bonds using their loan portfolios.

Another factor for the decline in lending rates was the CB move to cut its required reserves on deposit liabilities of commercial banks to 21 percent, effectively making even more funds available for lending.

Deposit rates as of February 1987 were likewise reduced to single-digit rates (ranging from 5.86 percent to 8.48 percent) from the yearago two-digit range of 12.07 percent to 19.73 percent, except in the case of savings deposits whose WAIR was only 9.55 percent.

Newspaper reports indicate that major banks are set to slash their interest rates on peso deposits to 4 percent effective this month while foreign-based banks are considering a reduction to 3.5 percent.

The continuing decline in interest rates on savings deposits may force depositors to let their money earn elsewhere and this would negate all efforts of the banking system to generate more deposits.

The CB is keeping a close watch on developments in this area. Additionally, it is studying speculative trends in the foreign exchange market where, it is likely, withdrawn deposits may be placed for higher returns.

Peso Deposit Rates and Bank Lending Rates [†]
February 1986 and 1987
(WAIR in percentage per annum)

	<u>1987</u>	<u>1986</u>
Deposits		
Saving Deposits	6.41	9.55
Time Deposits		
30-45 days	6.21	14.49
46-60 days	6.84	12.07
61-90 days	6.68	13.24
91-180 days	6.07	12.67
181-1 year	5.86	14.24
over 1 year-2 years	6.92	15.54
over 2 years	8.48	19.73
All maturities	8.20	18.39
Secured Loans		
60 days and below	14.01	17.33
61-90 days	11.51	18.89
91-180 days	12.42	18.89
181-1 year	10.92	19.10
over 1 year-2 years	14.26	42.00
over 2 years	14.04	20.20
all maturities	11.58	18.02

[†] Based on deposit and loan rates of eight selected banks

WAIR--Weighted Average Interest Rate

Source: Central Bank

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CSO: 4200/496

INTERNATIONAL RESERVES INCREASE 186 PERCENT

HK071355 Quezon City BUSINESS DAY in English 6 Apr 87 p 2

["Economic Indicator" column: "International Reserves up 185.75 Percent from '86"]

[Text] The country's international reserves stood at \$2,566.47 million as of the end of February this year, representing an increase of 185.78 percent from the yearago level of \$898.05 million, latest data gathered from the Central Bank [CB] showed.

This remarkable growth was brought about by the drawdown of \$350 million from new money facility provided by foreign creditor-banks and the \$270 million representing both standby credit and the compensatory financing facilities from the International Monetary Fund (IMF).

The international reserves as of February-end consisted of \$858.17 million worth of gold reserves, special drawing rights (SDRS) amounting to \$12.97 million, foreign investments of \$1,603.32 million and foreign exchange reserves of \$92.01 million.

Compared with the January 1987 balance of \$2,577.96 million, however, this reflected a drop of 0.45 percent mainly because of a 5.85 percent decline in foreign investments--from \$1,702.95 million to \$1,603.32 million. This decline, in turn, was attributed to continuing rumors of coups, attempted coups, the siege of GMA (Channel 7) and the deteriorating peace talks between government and rebel forces, all of which scared many foreign investors away.

At the close of 1986, the Central Bank met its target level of reserves committed to the IMF, reporting \$2,458.98 million in foreign reserves. This represented a 131.73 percent increase over the \$1,061.14 million registered in 1985.

Responsible for achieving the target level of reserves in 1986 was a 21.4 percent drop in the CB's foreign exchange disbursements. As major reductions in payments were incurred for forward contracts, for swap arrangements, and for direct Central Bank obligations, foreign exchange disbursements were limited to \$4,992.3 million in 1986 as against \$6,354.56 million in 1985.

International Reserves
January 1986 to February 1987
(in million US\$)

<u>Period</u> <u>1986</u>	<u>Total</u>	<u>Gold</u>	<u>SRD's</u>	<u>Foreign</u> <u>Investments</u>	<u>Foreign</u> <u>Exchange</u>
January	951.62	505.68	17.71	325.92	102.31
February	898.05	512.46	8.14	276.25	101.20
March	1,243.56	560.63	5.70	502.76	174.47
April	1,435.52	581.11	13.95	637.46	203.00
May	1,594.24	589.37	2.11	867.09	135.72
June	1,601.79	609.62	2.18	921.50	68.48
July	1,704.16	649.09	13.51	951.94	89.62
August	1,670.91	668.68	2.07	911.53	88.63
September	1,710.35	680.51	2.08	952.52	75.24
October	1,904.79	704.68	13.52	1,113.01	73.58
November	1,884.37	731.71	0.01	1,104.11	48.54
December	2,458.98	798.67	5.69	1,602.84	51.78
1987					
January	2,577.96	831.35	6.23	1,702.98	37.40
February	2,566.47	858.17	12.97	1,603.32	92.01

Source: Central Bank

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CSO: 4200/496

ADB-FUNDED ROAD PROJECTS ENDANGERED BY RED TAPE

HK071349 Quezon City BUSINESS DAY in English 6 Apr 87 p 14

[Article by Tara S. Singh]

[Text] The Asian Development Bank (ADB) has complained of red tape and inordinate delays at the Department of Local Governments, Department of Public Works and Highways and the Commission on Audit where allegedly hamper 13 urgent civil works contracts amounting to more than \$68 million, sources said yesterday.

Inaction by these government entities may lead to the suspension or even cancellation of these urgent projects which are funded by ADB loans.

Writing Finance Secretary Jaime Ongpin recently, ADB Vice-president Gunther Schultz said "the very slow implementation of the Third Road Improvement Projects (loan No. 597) will delay the projects."

ADB is extremely concerned because from the time of its approval in November 1982 and after four years from the time the loan became effective on 1 March 1983, "only 16.5 percent of the total loan proceeds have been disbursed," Shultz pointed out.

Because of poor performance, the "ADB regrets it may have to consider suspending and thereby cancelling the loan... no other course of action is open to the bank," Schultz said.

Of the \$68 million made available to the Philippines as early as March 1983, only \$11 million was used; about \$3 million of which was to pay ADB for interest and commitment charges.

The projects were supposed to be completed by the end of 1986. The loan will expire by the end of June this year.

ADB blamed the negligible progress on the projects to the "apparent lack of urgency in the Aquino Government to complete them."

Schultz said, "although mitigating circumstances may have taken place in earlier phases of project implementation, particularly the economic setback in the country during 1984 and 1985, delays which occurred during the last year wherein negligible progress has been achieved have given the bank the distinct impression that the project is not being given high priority by the government."

In most cases, projects were reviewed for long periods by various government agencies, including the Department of Local Governments and the Commission on Audit. The Office of the Budget and Management was also blamed for its slowness in releasing funds. It cited that contractors and workers of the projects were not paid, forcing them to discontinue working.

Schultz added that if these projects rate very low away the Aquino Government's priorities [phrase as published], "action would be proposed immediately to the ADB to either cancel the remainder of the loan to modify or either scale down the project scope with cancellation of the related loan proceeds."

Schultz said if the government wants the program carried out in its original form, "there must be an immediate and concerted effort by all government agencies concerned to demonstrate significant improvements in the implementation of the project by the end of April 1987."

If the suggestions are not heeded on time, Schultz said, with the delays incurred, it gives the bank the "distinct impression that the ADB-funded projects "are not being given high priority by the present government."

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CSO: 4200/496

PAPER REPORTS ABACA EARNING FALL BY 15 PERCENT

HK091455 Quezon City BUSINESS DAY in English 9 Apr 87 p 3

[Text] Dollar earnings of the country's abaca industry fell 15 percent last year despite a significant rise in export volume.

Fiber of Development Authority [FIDA] statistics disclosed that 1986 earnings reached the equivalent of P280 million compared with P330 million in 1985. Export volume, however, grew by 9.7 percent--from 195,261 bales in 1985 to 214,204 in 1986.

FIDA figures showed that the price of SII-grade abaca fiber decreased by 11.4 percent from \$89.99 per bale in 1985 to \$79.69 last year, explaining the discrepancy between earnings and export volume.

There was increased demand for abaca in the world market, principally from the United States, the United Kingdom and Japan which have many uses for the fiber as raw material in the manufacture of various items.

Through special processes, abaca can be made into different products such as cigarette filters, tea bag filters, meat casings, mimeograph stencil base, tissue and absorbent cover stock for disposable diapers.

This does not include the traditional use of abaca for rope products and for the manufacture of paper for currencies.

Most abaca-importing countries such as the U.S., UK, Japan, Korea, France, India and Mozambique increased their purchase orders last year.

Meanwhile, ramie growers of negros Occidental face prospects of growth with the possibility that two Tokyo-based business groups may extend a grant-in-aid for the construction of a degumming plant and another facility for making staple fiber.

Toshimora Toda, project manager of Construction Project Consultants, Inc., and Deisaku Inaba, chief engineer of the overseas division of Komatsu Ltd., met recently in Bacolod City with officers of the Association of Fiber Producers of Negros and discussed the financing required to set up the two plants.

Many sugar planters in Negros Occidental have diversified into ramie production, but they are still growing the so-called brushed fiber or green ramie which has a limited market. The current buying price of fiber is P22 per kilo. Degummed ramie fiber can fetch double that figure.

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CSO: 4200/496

SOFTDRINK FIRMS PRESSURED TO AID NEGROS POOR

HK091111 Manila THE MANILA CHRONICLE in English 9 Apr 87 p 6

[Article by Salvacion Espina]

[Text] Bacolod City--A soft drinks boycott is going on in the Netherlands this week to pressure Pepsi Cola and Coca Cola "to take partial responsibility for the plight of distressed sugar workers in Negros," a Dutch national told the CHRONICLE yesterday.

Auke Indzenga, Philippine coordinator of the Cola Action Group Holland, said even members of the royal family are taking part in the week-long boycott of cola products from 5 to 11 April.

Eighty-eight organizations in 23 countries, including the International Union of Food, is pressuring the companies to give \$2.4 million each for the farmlot project for sugar workers in Negros, said the secretary general of the National Federation of Sugar Workers which is spearheading the campaign.

Serge Cherniguin said 1,000 letters from families of displaced workers had been sent to American and European offices of the two softdrinks bottlers.

Concerted actions are also being planned in Britain, Indzenga said, including a week-long boycott of cola products in October unless the firms comply with their demand.

Cherneguin said the campaign started April last year when the two soft drinks companies "declined to share in alleviating the social cost spawned by the breakdown of the sugar industry due mainly to a glut in the world market."

He claimed the shift in 1984 to the two biggest users of cane sugar in the U.S. to a sweetener derived from corn drastically affected the U.S. sugar quota for the Philippines.

Cherneguin called the multinationals' decision "careless" and that it involved the loss of at least 30 percent of sugar exports to the U.S.

The sugar industry breakdown has displaced soem 250,000 workers on Negros island and government officials estimate 40 percent of the work force are jobeless. Only half of the jobless, they warned, will be absorbed in the next three years by attempts at crop diversification.

The money the multinationals would give will be invested in the union's cooperative fund and lands abandoned by planters because of the crisis. Lack of workers capital has greatly hampered the full utilization of some 2,000 hectares loaned to the union, Cherneguín said. Only one-fourth is now being planted to substitute crops.

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CSO: 4200/496

GOVERNMENT ALLOWS IMPORT OF 1.25 MILLION BAGS OF CEMENT

HK101247 Quezon City BUSINESS DAY in English 10 Apr 87 p 3

[Text] As if bracing for the construction boom this summer, the government has decided to allow the importation by cement companies of 1,250,000 bags of cement from April to June and the reopening of "mothballed" local cement plants.

This was decided upon by trade and industry officials led by Secretary Jose S. Concepcion Jr. in a meeting with representatives of cement and construction companies yesterday. Concepcion said the first shipment of 750,000 cement bags will arrive starting the last week of April until the first week of May. The rest of the 500,000 cement bags will arrive in June with the option to import 500,000 bags monthly depending on the demand of the construction sector.

Concepcion said this is the first time the country is importing cement and increasing the production of local cement plants, after many years when the cement industry was considered a "dead industry."

Earlier, representatives of the construction sector told the trade and industry department that the present monthly supply of 9.3 million cement bags is not enough to meet the projected hike in cement demand from 30 to 50 percent (equivalent to 8.7 million to 10 million bags per month). Cement demand before the construction boom averaged only 6.7 million bags per month.

Concepcion said that government has decided to grant import authority to cement companies for the 1,250,000 bags of cement "because we want to flood the market right away." He added this move may also pave the way for the stabilization of cement prices, whose authorized price is P48.50 per bag but which is jacked up to P65 per bag by some retailers.

The cement will most likely be imported from Indonesia, Concepcion said, although quotations have also been received from other countries in the ASEAN region. Indonesian cement is priced at U.S. \$37.50 per metric ton.

Local cement companies are also stepping up production to meet the local demand. Davao Union Cement and Iligan Cement are producing 150,000 to 200,000 bags monthly, while the newly-opened second kiln of Northern Cement is producing 650,000 bags a month, Concepcion said.

Rizal Cement in Binangonan, which is due for closure because it has contributed to the pollution in the area, will continue operations. Concepcion said Rizal Cement cannot be closed since it produces some 1-million bags of cement per month. Instead, the company will install pollution equipment within 14 months.

The country was supposed to have exported 300,000 tons of cement this year--at an export price of U.S. \$25 to U.S. \$35 per metric ton--but this has been suspended temporarily to satisfy local demand, Concepcion said.

Regarding the "mothballed" cement plants, Concepcion said two firms have submitted bids to buy-out Filipinas Cement. These are the Philippine Investments Management Consultancy Inc. and the Republic Cement Co. Filipinas Cement may be reopened in October this year, he added.

Floro Cement, which owes the Development Bank of the Philippines (DBP), P1 billion, will negotiate within three months for the restructuring of its loan with the bank. Island Cement, with its P40-million loan, is also set to negotiate with DBP for its rehabilitation.

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CSO: 4200/496

ADB ACCUSES MANILA, OTHERS OF BAD AUDITS

HK081228 Hong Kong AFP in English 1104 GMT 8 Apr 87

[Text] Manila, 8 Apr (AFP)—Audited accounts submitted by borrowing companies in Pakistan, the Philippines and Western Samoa to finance institutions are widely perceived as unreliable, the Asian Development Bank (ADB) said Wednesday.

A spokesman for the Manila-based bank said it sponsored a study of 51 development finance institutions in 23 countries due to the growing number of defaults that have plagued the institutions in recent years.

To handle the problem of audit reliability, the study recommended annual borrower reports to the finance institutions, "surprise" reviews of the borrower's auditors and legal action against auditors if there is evidence the finance institution incurred losses due to the auditor's negligence.

The ADB report also suggested that development finance institutions and other lending organizations, together with local accounting bodies, should establish a national panel of approved auditors in each country.

Romeo Hermoso, ADB financial analyst and officer of the study-project, said that Philippine auditors "have the standards but there are certain practitioners who are not following the standards."

The Philippine Institute of Certified Public Accountants (PICPA), the national organization of accountants here, is a member of the International Federation of Accountants and follows standards set by that organization.

Officials of the auditing institute could not be reached for comment Wednesday.

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CSO: 4200/496

BID FOR TAXATION OF COPRA EXPORTS DENIED

HK091459 Quezon City BUSINESS DAY in English 9 Apr 87 p 2

[Article by reporter Michael D. Marasigna]

[Excerpt] The National Economic and Development Authority (NEDA) and the Department of Agriculture (DA) have both denied the request of coconut oil millers to reimpose export taxes on copra, government officials announced yesterday.

The Philippine Coconut Oil Millers Association opposed the tax exemption granted to copra exporters last 1 July 1986 after the ban on copra exports was lifted 19 March 1986 claiming that it will severely affect the export volume of coconut oil, particularly to its main market, the European Economic Community (EEC).

Earlier, some officials of the Philippine Coconut Authority (PCA) who requested anonymity battled for the reimposition of the export taxes saying revenues to be generated could be used for the industry's replanting program.

At this point, however, it is still uncertain whether the PCA is still adopting the same stand or not owing to the change of leadership in the agency. Former PCA chairman Oscar Santos who is running for a congressional seat in this coming May polls was replaced last month by Jose Romero.

As of press time, Romero could not give a comment on the issue when contacted by BUSINESS DAY. He simply said, "we have not looked at this yet."

NEDA cited four major reasons for removing the export tax. The agency claims that the new tax policy will lead "inefficient coconut oil mills to naturally step out of competition and would afford a way of 'easing out' dominant interests in the industry without having to resort to outright divestiture."

The removal of the tax, NEDA said, will provide a short-term solution to high inventories of copra and coconut oil which eventually could push domestic prices of copra.

The third reason is that farmers will be able to get a relatively larger share of returns from copra production. The competition for domestic copra supplies between oil millers and copra exporters will cause farmgate prices to rise.

Lastly, the removal of the tax exemption will help the country's export drive. Historically, the export tax has been disadvantageous to the farmers who had to shoulder the additional expense in the form of lower buying prices. Passing the additional cost to foreign buyers is not feasible since the Philippines is not a price leader in the oils and fats market.

In addition, the DA said the removal of the tax and lifting of the ban "have not effected a decline in export volume of coconut oil" and "the concurrent removal of the export tax on coconut oil should compensate the mills for the increase in domestic copra prices."

A position paper released by the department traced the problem of oil millers to the decline of coconut oil Manila border price (or reference price) which is bigger than the decline in the Manila border price of copra.

The same lopsided situation in coconut oil and copra prices is caused by unfair trade policies in the EEC. Only the removal of such unfair trade policies can help coconut oil millers, the DA said. Copra enters the European market duty free while coconut oil carries a tax burden of 7.5 percent.

The department asserted that before the removal of the export tax, the wholesale price of copra averaged at 92 percent of the border price on a yearly basis from 1970 to 1982. However, from August last year to January this year, when the export tax was removed, the average price improved to some 113 percent of the border price.

On the other hand, farmgate prices averaged 51 percent when the export tax was still imposed and improved to 69 percent after it was removed.

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CSO: 4200/496

RICE EXPORT PLAN TO COST NFA 1.74 BILLION PESOS

HK13:135 Manila THE MANILA CHRONICLE in English 13 Apr 87 p 4

[Article by staff member Corrie Salientes]

[Text] The expected overproduction of rice for the current crop season has raised serious financial problems for the National Food Authority (NFA), with the plan to export the excess rice--so far the only option to prevent a price plunge that would depress farmers' incomes--estimated to result in P1.74 billion losses for the food agency.

The excess rice supply for the 1986-1987 crop season has been estimated at 500,000 metric tons. To export this amount, the NFA would have to buy the rice at the government support price of P3.50 per kilo even as it can sell it abroad at the current world market prices of P1.90 to P2.10 per kilo.

Including expenses that will be incurred arising from transport and warehouse costs, the NFA has computed that it will be losing P1.74 billion this year. This is about six times the NFA's estimate that its losses this year from its rice procurement operations will be limited to only P280 million.

The earlier estimates for trading losses were made on the assumption that rice production would not increase substantially and that it will be sold domestically at levels higher than the world market price.

As a result, the NFA estimate showed that government subsidy to the NFA's operations will have to increase from P860 million, including the estimated administrative costs of over P500 million.

Procurement funds needed to enable the NFA to absorb a substantial level of production that can effectively stabilize the market was placed at over P3 billion which, officials said, could be raised through commercial banks' guaranteed by the National Government.

The NFA however, will incur heavy losses if the excess supply were to be kept in warehouses and left rotting.

If the excess stocks were left in the market, palay prices will plunge in the next one and a half years. NFA projections showed that prices may drop to as low as P2.40 per kilo, or 20 percent lower than last year's prevailing price of P3 per kilo, and even lower in the October-December marketing season.

The most attractive option is to export the grains and divert a portion of the stocks into the livestock industry in the form of animal feeds and into emergency feeding programs.

These moves, according to agriculture officials, must be supported by import restrictions on other grains which could be substituted with rice.

Importations of wheat and other grains are proposed to be reduced by around 300,000 metric tons, with wheat imports reduced from nearly 800,000 metric tons to only 600,000 metric tons and animal feed grains from about 500,000 metric tons to 400,000 metric tons, through imposition of high tariffs that can effectively increase their prices by 10 to 15 percent.

Higher prices of imported wheat and animal feedgrains will encourage rice substitution, resulting in increased domestic demand for rice.

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CSO: 4200/496

CENTRAL BANK TO IMPLEMENT PARIS CLUB ACCORD

HK071421 Quezon City BUSINESS DAY in English 7 Apr 87 p 2

[Text] To implement an agreement forged between the Philippines and representatives of 14 western countries of the Paris Club last 22 January, 1987, the Central Bank [CB] yesterday announced the implementing guidelines on the rescheduling/consolidation of part of the country's public sector debt amounting to \$870 million.

Under CB Circular 1139, the monetary authorities ordered the national government and government-owned and -controlled corporations (GOCCS) with accounts subject to the Paris Club rescheduling to deposit the peso equivalent of 100 percent of their debts' principal and 70 percent of the payable interests in blocked accounts with the CB.

Under circular 1138, also issued yesterday and aimed at the settlement of foreign exchange obligations of GOCCS which fall within the period covered by the second round of restructuring, the CB ordered 14 non-financial public sector corporations to pay the peso deposit on the date of the original maturity.

This move was made to ensure payment of GOCCS' maturing debts on time and to instill "discipline in these corporations," as recommended by the International Monetary Fund (IMF) last year.

The 14 GOCCS owing a large portion of the country's external public debt amounting to \$5.8 billion are the Philippine National Oil Co., National Power Corp., National Electrification Administration, National Irrigation Administration, Local Water Utilities Administration, Export Processing Zone Authority, National Food Authority, Philippine Ports Authority, National Housing Authority, Light Rail Transit Authority, Philippine National Railways, Metro Manila Transit Corp., National Development Co. and the Metropolitan Waterworks and Sewerage System.

CB Circular 1138 requires that peso deposits for obligations maturing prior to the issuance of the order would have to be made before 30 June, 1987 so the CB could extend forward exchange covers on the foreign liabilities for which the peso equivalent has been deposited.

All applications for forward cover would have to be submitted to the management of external debt department of the CB together with the debt authority of the authorized agent bank at least five days before the original date of maturity, circular 1139 said.

Upon the delivery of the pesos, CB Circular 1139 noted, the CB would provide forward for the account of the original obligor, but the foreign liability remains with the obligor till the bilateral rescheduling agreement has been signed.

The obligor or the original borrower in the bilateral agreement would then assume the foreign liability and not before.

In case no pesos have been deposited by the national government or the GOCCS concerned, the circular said, the CB becomes the obligor in the bilateral agreement. The CB would charge the original borrower the pesos equivalent of the obligation plus an interest which has yet to be posted by the Monetary Board.

However, the circular said, the interest and foreign exchange risk will be for the CB's account to the extent of the pesos delivered from date of delivery to the date of payment.

The CB will then assume the interest provided for in the bilateral restructuring agreement on the debt covered by the peso equivalents which would accrue, the circular said.

The transaction would make all of the debts of the GOCCS maturing 1 January, 1987 to 30 June, 1988 current, while all the remaining foreign exchange obligations not subject to rescheduling would be settled as they mature.

The Paris Club agreement, negotiated by Finance Secretary Jaime V. Ongpin during the second round of talks after initial negotiations collapsed last November, restructures part of the country's official credits with some 40 creditor banks controlled by the 14-member informal forum.

The terms approved provide for the rescheduling of 100 percent of principal payments and 70 percent of interest due from 1 January, 1987 to 30 June, 1988, over a 10-year period with a 5-year grace.

Payment of the rescheduled debt will be made in 10 equal and successive semi-annual amounts, with the first payments to be made on 1 April, 1993 and the final payment on 1 October, 1997.

The accord covers official loans and commercial credits guaranteed and insured by governments of the Paris Club member-countries and any other financial agencies.

Ongpin said that the club, which has been negotiating debts of Third World countries, has indicated willingness to resume official credit in the form of new direct loans as well as guarantees in favor of the Philippines.

CENTRAL BANK SAYS DEBT SERVICE RATIO WITHIN LIMITS

HK101307 Quezon City BUSINESS DAY in English 10 Apr 87 p 2

[Article by Claro P. Fernandez]

[Text] The payment terms under the recently forged debt rescheduling agreement between the Philippines and its 12-bank advisory committee has taken into account the 20 percent statutory limit on debt servicing, a high ranking official of the Central Bank [CB] said yesterday.

Guillermo Soliven, special assistant to CB Governor Jose B. Fernandez Jr., said the statutory limit provided for under Republic Act [RA] 6142 as amended by Presidential Decree 1934 was taken into account by members of the country's negotiating panel during the debt talks in New York late last month.

Contradicting claims aired by opposition senatorial candidate Vincente Puyat, Soliven said the external debt requirements under the debt rescheduling agreement would not exceed the legal ceiling of 20 percent of the immediately preceding year's total foreign exchange receipts.

RA 4860 as amended by PD 1934, which forms part of the Philippine Permanent and General Statutes approved by the sixth congress in 1966, states that "the Central Bank of the Philippines shall promulgate and enforce such measures as shall be necessary to reduce the external debt service requirements to an annual level not exceeding twenty per centum of the average of the foreign exchange receipts of the immediately preceding year."

"The debt service ratio has historically been below the 20 percent legal ceiling," Soliven said, noting that the ratio even at the height of the foreign exchange crisis was still below that of the statutory limit.

Soliven disclosed that the debt service ratio for 1983 was 16.2 percent, based on a total of \$1.911 billion for debt servicing against total foreign exchange receipts of \$11.785 billion.

In 1984, Soliven said, the debt service ratio was at 17.6 percent; it increased to 18.9 percent in 1985. As of the latest data available, he added, the debt service ratio for last year is estimated at only 17.6 percent.

Puyat, who is running under the opposition coalition Grand Alliance for Democracy (GAD), told newsmen last Tuesday that "the debt rescheduling pact is illegal" under RA 4860 because next year's payments would exceed the statutory limits.

Under the agreement, he said, "45 percent of all our export earnings will be used to pay for the interest alone" because of the 7 - 8 percent over the London interbank offered rate (Libor) spread.

"This is an illegal agreement," Puyat said, "because RA 4860 has not yet been repealed and the government is now entering into agreements that directly violates its own laws."

Soliven asserted that "Puyat erred in his computations" of the debt service burden owing "to his lack of understanding of the coverage of the debt service ceiling under RA 6142, as amended, as well as to an error of comparing another concept of the debt service ratio with the concept under Philippine laws.

Soliven pointed out that the term foreign exchange receipts within the context of Philippine jurisprudence includes those derived not only from exports but also those from non-merchandise trade and transfers as well as proceeds of foreign loans and direct investments and short-term capital inflows.

On the other hand, Soliven said the debt service burden consists of principals and interest payments on all non-monetary fixed-term credits including credits from the International Monetary Fund (IMF), but excluding prepayments.

The amortization covered by members of the Paris Club and foreign commercial banking system restructuring "will hardly affect the debt service burden" since only the interest of these loans will be payable during the next four to five years under the restructuring agreement.

Based on estimated proceeds from various components of the country's foreign exchange receipts during the immediately preceding year, Soliven estimated that the statutory debt service ratio for this year would amount to only 16.2 percent.

Last Tuesday, a group of labor leaders representing 35 labor federations took a stance similar to Puyat's claiming that the rescheduling pact would be "inimical to the interest of Filipino workers."

The labor leaders, who passed a common position paper, pressed for selective repudiation of some of the country's debts and stressed that debt servicing should be limited to only 10 percent of foreign exchange receipts.

There is basically on difference in the policy being pursued by the Aquino Government, they said and that of the previous administration.

Finance Secretary Jaime V. Ongpin said the debt service, including principal and interest payments, would amount to \$2.6 billion or roughly 27.2 percent of total foreign exchange receipts.

Ongpin said that of the amount, about \$1.75 billion would be in interest. And of the \$3.16 billion debt service representing 21.9 percent of total foreign exchange receipts during the end of the grace period till 1992, he said that only \$1.74 billion would be interest payments while the rest would be principal payments.

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CSO: 4200/496

PCCG SET TO SEQUESTER FIRMS OWNED BY IMELDA'S KIN

HK101057 Manila PHILIPPINE DAILY INQUIRER in English 10 Apr 87 p 9

[Article by Jerry Esplanada]

[Text] The Presidential Commission on Good Government (PCCG) is poised to sequester 20 beerhouses and massage parlors belonging to Ofelia Trinidad, a close relative of former First Lady Imelda T. Romualdez-Marcos.

PCCG Commissioner Mary Concepcion Bautista told newsmen yesterday that "commission probers are still looking into the case." She declined further comment.

Earlier, the PCCG furnished newsmen fact sheets on the sequestration of Pistang Pilipino, a shopping complex owned by Trinidad. The commission's report disclosed, among others, that the PCCG has established prima facie evidence that Trinidad and three of her closer relatives have been illegally occupying the land on which the complex was built since 1978.

The report added that Pistang Pilipino's accumulated earnings of P150 million was considered "ill-gotten" since they were acquired by Trinidad on the basis of her relationship with Ms Marcos.

The report also pointed out that from the operations of the complex, Trinidad was able to put up 20 beerhouses and massage parlors in Manila and Quezon City.

According to the PCCG, the establishments subject to sequestration are the following: Grand Inihaw (Padre Faura), Grand Inihaw (Mabini), Grand Inihaw (Pantranco), Starlight, Arizona, Quasar, Tabasco, Dakota, Tarhata, Arizona, Oklahoma, Paneros, Grand Bingwit, Grand Gochangco, Grand Delta, Bamboo, Grand Rotonda, Encounter, Tarhata Mayor, Tarhata (Cubao) and Rex.

At yesterday's press briefing, Bautista also announced the sequestration of two subsidiaries of the Philippine Coconut Producers Federation (Cocofed)--Coconut Investment Corp. (CIC) and Cocofed Marketing Corp (CMC).

Bautista said the two firms, valued at P200 million, were funded through coconut levy funds. Both CIC and CMC were organized shortly before the proclamation of martial law in 1972. However, the two firms were not under the control of the United Coconut Planters Bank, Bautista said.

PHILIPPINES

MARCOS SUPPORTERS PICKET U.S. EMBASSY

HK081103 Hong Kong AFP in English 1100 GMT 8 Apr 87

[Text] Manila, 8 Apr (AFP)--Supporters of former Philippine President Ferdinand Marcos picketed the U.S. Embassy here Wednesday to demand his return from more than 13 months of exile in Hawaii.

"We want Marcos," some 100 demonstrators, most of them women, chanted as they flashed their trademark "v" hand sign at passing motorists.

They heckled vehicles with stickers supporting administration candidates in congressional elections to be held in May.

The demonstration came one day after Philippine Consul in Honolulu Tomas Gomez said here that Mr Marcos cannot return home while Corazon Aquino is president because he might cause trouble. Mrs Aquino's current term runs until 1992.

Mr Marcos fled to Hawaii aboard a U.S. Air Force plane in February of last year after a civilian-military revolt installed Mrs Aquino in power. Supporters of the former president accuse the U.S. Central Intelligence Agency of kidnapping him.

"President Reagan, please let our legal President Ferdinand Marcos come back to the Philippines," a placard said. "CIA stop supporting Cory," read another raised by the pickets, who dispersed peacefully.

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CSO: 4200/496

PHILIPPINES

AQUINO PROMOTES 100 ARMY, NAVY OFFICERS

HK040316 Manila Far East Broadcasting Company in English 2300 GMT 3 Apr 87

[Text] President Aquino yesterday promoted more than 100 officers of the armed forces to the rank of colonel and captain in the navy. Art Pabellon reports:

[Begin recording] President Corazon Aquino yesterday released the names of some 141 officers of the Armed Forces of the Philippines, to ensure as commander chief had approved for promotion last 26 March, to the rank of colonel in the army and the Philippine Constabulary or captain in the case of the Philippine Navy. Prominent among these is Colonel Gregorio Honasan of the EDSA [Epifanio de los Santos Avenue] revolution.

In another development, President Aquino commanded the Federation of Filipino-Chinese Chambers of Commerce for their help improving the economic climate of the country. [words indistinct] for the induction of officers and directors of the federation, the president said: "I would like to thank you for helping promote unity, stability, and a better economy for our country." [end recording]

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CSO: 4200/496

ARMY KEEPS 'CLOSE WATCH' ON MNLF ARMS BUILD-UP

HK110056 Manila Far East Broadcasting Company in English 2300 GMT 10 Apr 87

[Text] In Sulu, the military kept a close watch on the continuing arms build-up by the MNLF there following the landing of about 2,405 light and heavy weapons last month and training of 1,000 new recruits. Colonel Eduardo Cabanlig, 2d Marine Brigade commander, told Armed Forces Chief of Staff General Fidel Ramos in Jolo that the weapons came from a foreign country. The armaments consisted of 13 light machine-guns, 14 B-40 antitank rockets, 400 M-14 rifles, 475 AK-47 assault rifles, and 1,500 assorted firearms. Ramos flew to Jolo on board a Philippine Air Force plane yesterday morning [10 April], where he conducted a routine inspection of troops.

According to Col Cabanlig, Nur Misuari, MNLF chairman, has already recruited about 1,000 new fighting men and promised them \$1,000 each as allowance. The new recruits are undergoing training at the MNLF headquarters in Sulu.

As the military reports the MNLF build-up in Sulu, Nur Misauri assured President Aquino of his peaceful intention in Mindanao. FEBC correspondent Art Pabellon reports:

[Begin Pabellon recording] President Corazon Aquino was assured yesterday that MNLF Chairman Nur Misauri had agreed to keep peace in Mindanao. That was announced by Ambassador Ammanuel Pelaez, who heads the government peace panel for Mindanao. Ambassador Pelaez also said that while the peace talks on Mindanao have been suspended, both the government and the MNLF panels have agreed to go on with the peace talks informally. The formal talks were suspended indefinitely when the MNLF panel had been instructed to do so by Misuari, pending the resolution of his complaint of the alleged violation of peace agreements by the Armed Forces in Zamboanga del Sur.

President Aquino, acting on the complaints, had ordered the matter investigated. She had appealed for peace to be kept while the investigation was in progress. In response, Misuari said that he too wanted peace to be upheld, and he would see to it that his forces will maintain peace.

An investigative panel has been formed. This panel will serve as a continuing mechanism that will look into other incidents that may further develop. [end recording]

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CSO: 4200/496

WORLD BANK AID SOUGHT FOR FREE SECONDARY EDUCATION

HK161457 Quezon City BUSINESS DAY in English 16 Apr 87 p 20

[Text] World Bank is likely to be tapped for the implementation of the country's free secondary education program, the Department of Education, Culture and Sports [DECS] announced yesterday.

DECS Assistant Secretary for Finance Diosdado Tuason said government funds alone cannot meet the required budget for the Secondary Education Development Program (SEDP), which would cost P4.4 billion.

Tuason, who has already met with representatives from the budget department, revealed that P2.14 million, or 71 percent of the needed amount, will be taken from the national budget and from foreign grants.

The DECS plans to ask the World Bank for the remaining P1.26 billion (about \$63 million).

Tuason said the SEDP is a five-year project which the DECS hopes to implement by school year 1988-1989. He explained that high school students cannot avail themselves of state-sponsored education for the coming school year since the funding for this was not included in the government's budget this year.

The new Constitution, which states that the government should provide free high school education, was ratified after the national budget was approved.

The SEDP also provides for teacher-training and staff development programs, the production of textbooks and supplementary materials, the purchase of instructional equipment, and research.

An allocation for the construction of additional classrooms and school facilities is also included in the SEDP budget.

Meanwhile, Grand Alliance for Democracy senatorial candidate Blas F. Ople urged yesterday the Aquino Administration to stop the Department of Education, Culture and Sports from implementing its newly issued order granting tuition fee increases to private schools for school year 1987-88.

Although the need to upgrade teacher salaries and school facilities are an immediate concern, Ople maintained that the increase in tuition fee would create more difficulties than benefits.

Instead of imposing a heavier financial burden on the parents, the government should study other ways of helping the teachers and schools.

Ople said the tuition hike does not address the root of the financial problem in private schools and is not a gauge of maintaining the school's viability. The 15 percent to 20 percent may be too heavy, he said.

The DECS move will only spawn unrest and militant student groups which could trigger a series of mass action to oppose its implementation, he said.

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CSO: 4200/496

PCGG BARS SORIANO FROM SMC SHARES

Quezon City ANG PAHAYAGANG MALAYA in English 7 Apr 87 pp 1, 6

[Article by Ellen Tordesillas]

[Text]

San Miguel Corp. chairman Andres Soriano III is disqualified from buying 24 million of the 38 million SMC shares sequestered by the government because he is an American citizen, Good Government Commission Secretary Ramon A. Diaz said yesterday.

In a talk with newsmen, Diaz said "You ask if Soriano is qualified to buy the SMC shares. What is his citizenship?"

He nodded in agreement when the reporters answered, "American citizen."

Diaz said the 24 million shares denied Soriano are "A" shares which can only be bought by Filipino citizens while the remaining 14 million of the sequestered block are "B" shares which can be availed of by both foreigners and Filipinos.

Soriano's disqualification as buyer of the "A" shares will definitely stall his bid to gain control of the country's largest

food and beverage company, which is scheduled to elect a new set of directors on May 14, observers said.

Diaz also said the question of who is the buyer for the 38 million shares remained unresolved as of yesterday noon.

He said he wants to know who are the "several others" Soriano claimed he was acting as agent for when he made the offer to buy at P100 per share the 33 million SMC shares in March last year. The 33 million shares have since then been increased to 38 million after the company issued stock dividends.

In a revised resolution that the SMC board approved last week, Soriano claimed the buyer was not himself but

SMC Neptunia Corp. an affiliate of SMC.

Diaz, however, said the change of buyers is unacceptable.

Diaz said the other day that SMC and the United Coconut Planters Bank have agreed that the seller will be the 14 corporations that were listed as owners of the 38 million shares with the UCPB as trustee.

He added that the PCGG, which will have the final say on the sale of the 38 million shares, said the plan to offset 16.6 million shares with UCPB shares is more or less approved.

Under the SMC proposal, the UCPB will convert into shares the P500-million downpayment made by Soriano last year. The UCPB will also give SMC P500-million worth of preferred shares and P210 million of uncollected dividends on UCPB's preferred shares for 1984, 1985 and 1986.

UCPB and SMC agreed last week on P126 per share as a price for the 38 million shares.

U.S. JUSTICE OFFICIAL'S ANWORLD PROBE CRITICIZED

Quezon City ANG PAHAYAGANG MALAYA In English 5 Apr 87 p 4

[Article by Jake Macasaet: "Greenberg's pride"]

[Text]

Months before former President Marcos called for a snap election in late 1985, Theodore Greenberg, an official of the US Department of Justice, empanelled a grand jury in Virginia to find cause for the indictment of people he believed were involved in the alleged overpricing of \$17 million worth of military communications equipment sold to the Armed Forces of the Philippines through the US Foreign Military Sales Credit.

After more than two years of hearing testimonies of representatives of 50 suppliers of communications equipment, and those of former Ambassador Eduardo Cojuangco Jr., Greenberg's grand jury failed to find cause or justification for an indictment. This failure has embarrassed Greenberg and, and American taxpayers' money has been spent and will continue to be spent by the jury and so far, there seems to be no assurance that Greenberg can secure an indictment. Greenberg's pride has been irreparably hurt. And he means to do something about it.

Clearly, this is the reason why he made a second trip to the Philippines. Greenberg has it

partially been conferring with ranking officials of the Presidential Commission on Good Government. He is obviously again trying to convince the PCGG to get more testimonies or depositions from those he suspects may strengthen his case here, having failed to do so in the Virginia grand jury.

Greenberg was here in late October last year. He is reported to be instrumental in getting the PCGG to issue summonses to about 30 persons, including the family of Raymond Moreno, principal stockholder of Electronics Specialists Inc., a local trading firm suspected by Greenberg and the PCGG to be involved in the alleged overpricing of communications equipment supplied by Anworld, a California-based firm

claimed to be owned by former Armed Forces Chief of Staff Fabian Ver.

Moreno, as earlier stated in this space, gave the PCGG 70 hours of testimony, and like the grand jury in Virginia, the Philippine good government body failed to establish his guilt. What Greenberg now obviously wants is to review the transcripts of said testimony given on the assurance of immunity from suit so that he may find cause for

indictment by the grand jury in Virginia. But before that objective is accomplished - granting that the PCCG would allow a reversal of the interpretation of the testimony. Greenberg must first assure Moreno that the United States would give him immunity from suits. Otherwise, Moreno would not make a fool of himself by going to the US to testify. And that is why Greenberg is here again.

The PCCG, in compliance with the legal assistance agreement with the US Justice Department, has cooperated with Greenberg in the Amworld case. The PCCG hopes that in exchange for such cooperation, the United States would help the Philippines get evidence on the alleged overpricing of equipment for the Bataan Nuclear Plant supplied and erected by Westinghouse.

Unfortunately for the Philippines, the Westinghouse case was withdrawn from the PCCG and

transferred to a special ad hoc body headed by senatorial candidate Rene Sagunay. There is now, therefore, the legal question of whether or not the provisions of said legal assistance agreement can be extended or applied to the Westinghouse case. Greenberg and the PCCG should have a word or two on this particular question.

Otherwise, Greenberg should be told by the PCCG or the US State Department to go home and maybe try once more to get an indictment from the Virginia grand jury he so hastily empaneled. Failing that, he should give up the case by asking the grand jury whether it has built a case or not. If he had a healthy respect for the laws of his own country, Greenberg should not feel embarrassed if the grand jury threw out his case. That is how the judicial system in the United States works.

COLUMNIST HITS DEBT RENEGOTIATION 'FAILURE'

Quezon City ANG PAHAYAGANG MALAYA in English 6 Apr 87 p 4

[Opinion by Renato Constantino: "Rescheduling the crisis (1)"]

[Text]

Finance Secretary Jaime Ongpin happily announced that the Philippines got the best possible terms under the new debt agreement he wangled from the country's creditor banks. The debt accord supposedly gives the country breathing space in pursuing economic growth as the agreement reschedules \$13.2 billion of principal falling due up to 1992 over a 17-year period.

There is also an added bonanza in the form of \$2-billion "foreign exchange savings" consisting of \$931 million in savings from the negotiated interest rate and \$1-billion "anticipated savings" from the conversion of part of the debt into Philippine Investment Notes (PINs).

Ongpin waxed ecstatic on the accord: "For the Philippine negotiating team there could be no going back on our commitment to reach an agreement that will provide positive support to our growth-oriented policies and lift the burden of poverty from our people. We had to stem the drain of previous resources that the excessive borrowings of the Marcos government imposed on the country, and thus free the present government to turn its attention towards domestic priorities such as land reform."

The terms of the new debt agreement are definitely better than what the Marcos-Virata

regime got in 1984-85. However, the Ongpin-Fernandez team failed to get the target interest rate they proudly declared at the beginning of the debt talks.

Instead of getting the 5/8 per cent over LIBOR (London Interbank Offered Rate) they were originally demanding, they got only 7/8 per cent, which is reportedly the second best among the debtor nations. The \$931 million in interest savings are based on the so-called reduction of rates: from 1-5/8 to 7/8 per cent. But we have to make prepayments as "token" repayment of our principal debts.

However, Ongpin's rhetoric and the newspaper quibblings, on the percentage over LIBOR the country could have gotten have glossed over two important realities.

First, the new debt agreement has formalized the Aquino government's assumption of the \$27-billion foreign debt left behind by the Marcos-Virata regime. The "excessive borrowings of the Marcos government" have been assumed hook, line and sinker by the Aquino-Ongpin regime. There is even the implicit commitment to honor it beyond the year 2000 as reflected in the 17-year accord on the \$13.2-billion maturing principal. Goodbye to Monsod's selective repudiation and case to case disengagement.

Second, with no substantial reduction of the

principal through repudiation of the unjust loans such as the one that financed the monstrous Bataan nuclear project, the annual interest payments the country has to make on the \$7-billion principal remain big, estimated to total at least \$2.5 billion a year. This figure represents virtually one half of the country's annual export earnings and constitutes a big drain on the national economy.

What all this amounts to is that the country, after Ongpin's negotiations with the IMF, the Paris Club and lately the private banks, now finds itself deeper in the debt mire left behind by the Marcos-Virata regime.

The Aquino government missed a historic opportunity to lead the country out of the unjust debt trap set up by the foreign creditors themselves. It failed to use its popular mandate and revolutionary powers to declare to the world that the new government is not prepared to honor loans that did not benefit the people.

As in the past Marcos-Virata regime, the country's development plans are ones again based on the IMF-dictated economic recipes intended to protect the interests of creditor banks.

The government is again placing so much hope on foreign investments. This is reflected even in the latest debt agreement which features the issuance of Philippine Investment Notes. PIN is nothing more than the latest version of Ongpin's debt-to-equity program first broached in May last year. The PINs will allow

foreign banks holding PINs to buy into local enterprises without bringing in any fresh capital.

Other debtors have behaved very differently. Brazil has decided to suspend interest having realized that debtor countries can no longer passively accept continued strangulation of their economies through denial of any prospect for channeling substantial resources to the improvement of the living conditions of their people.

As Brazilian Hugo N. Santos of the Educational Commission of the Methodist Church Bishops of Latin America said, "This debt is incompatible with the development of Latin American countries. It acts as a brake and is an important political weapon in the hands of dominant creditor nations." President Jose Sarney of Brazil described his decision as "an act of sovereignty."

President Alan Garcia of Peru, in a similar vein, declared that "in the dialogue with our creditors, we shall not accept the mortgaging of our political independence by signing letters of intent which contain negative policies for our people."

With the IMF closely monitoring all fiscal and economic activities of the Philippines to ensure that we comply with Ongpin's commitments, our independence remains very much a myth.

ONGPIN REJECTS MONSOD'S GROWTH LOAN PROPOSAL

Quezon City ANG PAHAYAGANG MALAYA in English 7 Apr 87 p 9

[Article by Rosa Ocampo]

[Text]

Finance Secretary Jaime Ongpin yesterday said the government has turned down the proposal of Economic Planning Secretary Solita C. Monsod to immediately get the commitment of the country's creditor banks abroad for a \$7 billion growth facility.

Ongpin said that government decision makers preferred his concept of shared funding where future capital requirements will be satisfied from both official and commercial bank sources in a balanced manner.

He pointed out that there is no projected new money requirement for this year. The earliest time that there might be a financing gap of a few hundred million dollars is towards the end of next year, Ongpin said.

He added that he personally does not subscribe to Monsod's \$7 billion growth facility which he said is a "very rough order of magnitude" based merely on estimates.

But the actual performance of the economy depends on many variables such as growth rate, oil prices, and others, Ongpin said. "It is simply not feasible for countries like the Philippines to go to the advisory committee of creditor banks to get ahead of time in requesting for a growth facility based on rough estimates," he said.

Ongpin added that "even if that were feasible, I question its desirability."

"If you go ahead with the growth facility, you have to pay a very significant amount of commitment fees ahead of time for a sum that will not be used immediately," Ongpin said. "Why browbeat banks now for a more expensive form of facility when there are lots of alternatives?"

He said the alternatives include official loans with softer terms. Ongpin said the Asian Development Bank is willing to provide \$2.2 billion loans for development projects while at the same time, the government is working with Japan to increase the annual yen loan package from 49 billion yen to 80 billion yen similar to what is received by Thailand and Indonesia.

For her part, Monsod insisted that the country has to negotiate for the \$7 billion growth facility to fill the \$14 to \$16 billion net resource transfer for the next six years.

"We should stanch this hemorrhage of resources to a point where we can still live and grow," Monsod said.

"There is nothing wrong in renegotiating the maturity periods and interest spreads of existing debts side by side with the negotiations for the growth facility," Monsod added.

She said: "Negotiate for it now, get the commitment now. Once the new money is in, investment will follow and resources will be available for productive purposes."

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CSO; 4200/500

CENTRAL BANK URGED TO ACT AGAINST 'ILLEGAL GOLD' TRADE

Quezon City ANG PAHAYAGANG MALAYA in English 7 Apr 87 p 9

[Article by Romy Tangbawan]

[Text] The Bureau of Mines and Geosciences yesterday urged the Central Bank anew to immediately adopt new regulations on gold buying in Davao del Norte to minimize the huge losses of gold to "illegal traders" which was estimated at P1.85 billion in 1986 alone.

Among the measures recommended by BMG was the putting of a Central Bank buying station in Tagum town, which is accessible to gold miners in four major mining areas in the province.

The BMG also recommended that the Central Bank start buying gold at a lower limit. At present, the CB does not buy gold at less than 1 kilogram.

As explained by BMG director Benjamin Gonzales, both the government and the miners have been suffering tremendous losses due to the inaccessibility to the miners of the Central Bank buying station in Davao City.

Gonzales said the miners are small-scale operators and seldom produce a kilo of gold, so that they cannot possibly sell their

produce to the Central Bank station. Moreover, transporting this produce to Davao City is risky, Gonzales added.

He insisted that Tagum would be the best place for a buying station because of its proximity to the four major mining areas: Diwalwal in Monkayo, Compostela and Mainit in Mabuntaran and Boringot in Pantukan.

Another area, New Bataan, is reportedly emerging as another major mining area.

Based on BMG data about 400,000 people in Davao del Norte alone depend on small-scale mining for their livelihood.

Of about 15,000 kilos of refined gold produced in Davao del Norte in 1986, which amounted to P3.1 billion, the Central Bank was able to buy only 5,732 or P1.16 billion. The rest went to middlemen which in turn were reportedly smuggled out of the country.

If the gold miners sell directly to the Central Bank, Gonzales said, they will get more.

MALAYA ON 'BINONDO' BANK REVIVAL, OTHER ISSUES

Quezon City ANG PAHAYAGANG MALAYA in English 12 Apr 87 p 4

[Article by Jake Marasaet: "The Binondo CB, again"]

[Text]

Some people are again trying to resuscitate the Binondo central bank organized during the time of President Marcos to dampen speculative demand on the dollar. A certain Jose Elpidio Isip has in fact filed a suit with the Tanodbayan against CB Governor Jose B. Fernandez and former Trade and Industry Minister Roberto V. Ongpin, among others. It is significant to note that Isip himself admits in the complaint that "it appears that a large syndicate of Chinese black-market traders was rounded up by the National Intelligence and Security Agency and was allowed to continue its operations at government-dictated prices."

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The so-called corporation running the dollar pool, however, was organized not by Fernandez or Ongpin but by the members of the pool themselves. As stated by Isip in his complaint, "dollars bought by the corporation were airshipped to Hong Kong banks for subsequent sale as telegraphic transfers to Philippine importers and the general public who were unable to obtain foreign exchange through official banking channels. Dollars unsold to importers were sold by the corporation (the pool)

to the Philippine Associated Smelting and Refining Corp. who in turn sold them to the Central Bank." In other words, the CB was also able to take possession of part of the dollar blackmarket, according to the complainant himself.

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It is not anomalous or surprising for PASAR to buy the dollars first before selling them to the blackmarket. The CB cannot buy the foreign exchange directly from the blackmarket, because, theoretically, it would be involved in a blackmarket operation. The operation, however, was made legal by a written instruction of former President Marcos. The feeling in the business community is that if the pool had not been organized, the rate of the dollar would have deteriorated to an estimated P30.

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The Binondo CB was disbanded immediately after the February revolution. What many have not noted is that the three Chinese currency traders or

blackmarketeers arrested on the orders of Ongpin for selling their purchases to outsiders have been freed. Now, they are in the kings of the blackmarket in Binondo. In other words, a change in leadership proves the old saying that today's traitors are tomorrow's heroes.

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Ranking officials of Budweiser beer of the United States were seen coming out of the Guest House after a long conference with President Aquino. The US executives declined to talk to reporters, prompting speculation that they might have talked about San Miguel. The newsmen recalled that Andres Soriano III, chairman of SMC, tried to sell control of Neptunia to Anheuser Busch presumably to raise funds to buy SMC shares held in trust by the United Coconut Planters Bank.

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The wife of the president of a large commercial bank sequestered by the Presidential Commission on Good Government invites friends to play golf in the Baguio Country Club. Nothing wrong with that. What could be wrong or at least improper is the use of the bank's plane. Her husband, incidentally, sold to his own bank a Mercedes Benz for P900,000. Right after the sale, he assigned

the car to himself. Nice husband-and-wife team, both using company assets. How does this figure with the objective of the PCGG of preventing the dissipation of assets in sequestered firms?

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A certain B.C. Leynes, obviously a stockholder of SMC, wrote to say that he will demand during the annual stockholders meeting on May 14 the disclosure by Soriano of the administrative expenses of the corporation. He does not like the idea of lumping these expenses with the cost of sales, although that is a common practice. The more important question that Leynes and other stockholders should ask Soriano should be about the results of the financial operations of the subsidiaries in Hong Kong and the Bahamas. The financial statements of these subsidiaries are not consolidated with the annual

report of SMC. Very few people know how much profits they make.

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As a corporate watchdog, the Securities and Exchange Commission has failed the stockholders of large corporations listed in the stock market. For example, the SEC has not required San Miguel Corp. to disclose how much money it pays in royalties for the use of the famous "escudo" trademark on beer. Neither did it require the management of the company to reveal to the stockholders the complexion of the owners of the "escudo" trademark. Is it wholly owned by Soriano?

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The other interesting question to ask during the forthcoming SMC meeting is purchases. Where does the company buy its raw materials and at what price? Does SMC have a buying agency? How about the insurance agency? Is it owned by San Miguel or by the group of Soriano? If the insurance agency is owned by SMC, its profits or losses should also be disclosed. If it is owned by Soriano, the stockholders are entitled to know the rebates it makes and the premiums SMC pays. Full disclosure, in other words,

MALAYA REPORTS TELEPHONE FIRM CORRUPTION

Quezon City ANG PAHAYAGANG MALAYA in English 12 Apr 87 p 9

[Article by Ellen Tordesillas]

[Text]

Less than a year ago, businessman Luis F. Sison stood before an assembly of PLDT stockholders at the Philippine International Convention Center and made a simple but impassioned request.

Sison asked his fellow stockholders of the Philippine Long Distance Telephone Company to demand from management that his report, as head of the task force assigned by the Presidential Commission on Good Government to look into possible ill-gotten holdings of former President Marcos and his cronies in PLDT, be made public before the election of members of the board.

Sison's report detailed cases of dollar-salting, mismanagement, overpricing of supplies and equipment, corruption, and interlocking ownership in the country's largest telecommunications company.

The PLDT officials are guilty of crimes against the company's subscribers, shareholders and the country, Sison charged.

Sison's request fell on deaf ears as even PCGG itself refused to make public Sison's report.

The 1986 stockholders' meeting ended with Antonio Cojuangco and his group retaining control of PLDT. "Tony Boy" Cojuangco is a nephew of President Aquino. His family, however, sided with the Marcoses during the years before the February revolution.

On Wednesday, the question on what happened to the Sison report is expected to surface again in the scheduled annual stockholders meeting to be held at the PLDT office in Makati.

PCGG Secretary Ramon Diaz in his various talks before civic organizations last year assured the over 400,000 PLDT stockholders that the commission will not allow the Sison report to "lie follow."

A reliable source in PCGG, however, told *Malaya*, the other day that the commission's two representatives to the board, Mario Locsin and Ben Guingona, have submitted their report a few weeks ago which absolved the Cojuangco-led group from any wrongdoing.

The Locsin and Guingona report reportedly said no concrete evidence have been found to substantiate the allegations of Sison.

Sison's report revealed alleged irregularities in the \$412.3 million PLDT modernization contract with Siemens of Germany.

Sison also said PLDT officials deprived the Philippine government of million of dollars by keeping its dollar earning in the US for about six months in violation of Central Bank regulations.

Sison said no interest was reflected in the books when PLDT finally reported its dollar earnings.

Sison's team discovered that

former President Marcos owns 2.4 million shares in PLDT through prime holdings.

Marcos, through dubious stock transfers and dummies, owned prime holdings which owns 46 per cent of Philippine Telecommunications Investment Corporation.

PTIC is the biggest single stockholder of PLDT with 26 per cent. Marcos, in effect, owns 12.5 per cent of PLDT.

Former PCGG Commissioner Raul Daza earlier told *Malaya* that the real reason why the Sison team was removed from PLDT and its report sidelined was, PCGG received reports that they were fronting for some members of the National Democratic Front which wanted to control PLDT in anticipation of a political takeover in the future.

Daza said Sison's brother-in-law is alleged former NDF chairman Horacio "Boy" Morales who is now running for senator under the Partido ng Bayan.

Sison, a wealthy businessman from an old-rich family, found Daza's allegation's ridiculous. "Do you believe I'm a communist?" he asked by way of dismissing Daza's charges.

The stockholders' meeting on April 15 which happens to be Holy Wednesday is expected to be once again controversial that would probably raise more questions than answers.

NEW STRATEGY FOR LOWER INCOME HOUSING

Mahila MANILA BULLETIN in English 4 Apr 87 p 8

[Article: "Housing Rules Explained; Doubts Over HLRB Dispelled"]

[Text]

The new strategy to enable the poor to acquire housing lots at cheap prices, called "subdivisions with minimum development" (SWMD), complies with the mandate of President Aquino's Executive Order No. 90.

This was stressed by Commissioner Ernesto C. Mendiola, chief executive officer of the Housing and Land Use Regulatory Board (HLRB).

Mendiola said EO 90 directed the HLRB to liberalize development standards to boost low-cost housing development. Thus, he said, the agency drafted the SWMD rules and standards to supplement those for economic and socialized housing projects under Batas Pambansa Rtg. 220.

BP 220 provided for the promulgation of standards and technical requirements for economic and socialized housing projects in urban and rural areas different from those required by PD 957, the subdivision and condominium buyers' protective decree; PD 1216, defining open spaces in residential subdivisions; PD 1016, National Building Code; and PD 1105, National Fire Code.

Mendiola sought to dispel doubts over HLRB's authority under BP 220 to promulgate the new rules for SWMD. He said EO 90 vests the agency with sufficient authority to draft the new scheme for the benefit of poor lot buyers.

In making the new

rules, HLRB consulted the Ministry of Health, the Ministry of Public Works and Highways, the National Economic and Development Authority, and the National Housing Authority. Moreover, public hearings were held in Makati, Baguio City, Legaspi City, Cebu and Davao cities.

Under SWMD arrangements, each project will have a maximum of 150 saleable lots of minimum 54 square-meter each and six-meter minimum frontage, and blocks of not more than 60 meters.

Lot owners are encouraged to build their own houses and complete the facilities and utilities through their homeowners' associations.

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CSO: 4200/498

CEBU DAILY HITS PC 'COVERUP' OF TADTAD INCIDENT

Cebu City SUN STAR DAILY in English 10 Apr 87 p 5

[Editorial: "Tadtad incident: the police view"]

[Text]

The sector that has been more aggrieved by what appears to be a coverup for the indiscretion of some members of the cult group Corazon Sagrado Señor (CSS) or Tadtad is the police component of the PC-INP.

In the effort to help the CSS get out of the scrape caused by the shootout with waterfront policemen last week, higher military authorities had to malign, wittingly or not, the members of the waterfront police station.

Consider these:

- In the hot pursuit against the Tadtads, the policemen were stopped at the gate of Camp Sergio Osmeña Sr. and not allowed to get into the camp, while the Sagrados easily sought refuge inside without being stopped by the guards. No policeman was able to enter Camp Osmeña, except a police colonel who could not let his men in.

- The Tadtads were not surrendered to the waterfront police whose members were victims of the shootout - one policeman and one militiaman were injured, while the police jeep was heavily damaged. A PC unit (the RSAF) kept the firearms and turned them over not to the waterfront police but to the Cebu Metrodiscom which in turn passed them on to the Criminal Investigation Service that is conducting the investigation. The policemen couldn't even see the weapons for themselves.

- Even before hearing the side of

the policemen, the Recom 7 commander publicized the version of the Tadtads, giving the impression that he believed it more than the policemen's.

The treatment of the Tadtads, which was plainly aimed to help them get out of the mess, virtually demeaned the policemen who were victims of the shootout.

This is depressing and demoralizing to the police ranks, for the Sagrados, whatever help they have given for the anti-insurgency campaign, are not even members of the military and police force.

The Recom 7's high officials must have focused their attention on the public relations problem bred by the incident and lost sight of the consequences that their action would make on the policemen.

The usefulness of the Tadtads to the military and the insurgency war is not at issue here. The stress that the events has underscored is on the effects of the "coverup" on another component that also helps wage that war and in fact has lost more lives for it - the policemen.

The larger picture that the top Recom 7 officials are looking at may not be seen and understood by ordinary policemen who put their lives on the line while enforcing the law, only to learn later that their superiors seem to be on the other side.

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CSO: 4200/500

VIGILANTE 'DEATH SQUADS' IN NEGROS REPORTED

Quezon City ANG PAHAYAGANG MALAYA in English 4 Apr 87 p 7

[Article by Edgar Cadagat]

[Text]

BACOLOD CITY - Is the military organizing paramilitary units and civilian vigilantes to act as death squads?

Residents raised the question after a local newspaper came out with a number of news items claiming that a version of the Alsa Masa has been organized in Kabankalan town in southern Negros.

A report in the local newspaper *The Visayan Daily Star* said the so-called Alsa Masa movement was formally introduced to the public during a rally attended by 1,000 people. Eyewitnesses, however, said less than 200, some of them curious on-lookers, were at the public plaza.

Organizers, the report said, were Ricardo Tagamolila, Rex Samson, barangay captain of Barangay Tabugon and Winston Javellana, a Sangguniang Bayan member of Ilog town.

Capt. Benjamin Banta of the 7th IB's Charlie Company reportedly spoke during the rally.

Malaya sources said civilian and military officials headed by Lt. Melegildo Sanogal and Marlen Pellejo, a staffer of Channel 10, a church-owned TV station in Bacolod, were also present during the rally.

The same newspaper later carried an exclusive interview with alleged organizers of a con-

cerned citizens' group who claimed that they were going to organize a version of the Alsa Masa in Bacolod City.

The group, made up of professionals, businessmen and the elite, was willing to take up the fight against insurgency and criminality. The group reportedly had 300 members.

A few days later, the group now calling itself the Concerned Citizens' Group to Fight Insurgency, triumphantly announced its creation of a well-armed component tasked to do battle against members of criminal syndicates and assassination squads of the New People's Army's armed city partisans.

The group reportedly will conduct covert activities against the ACP in the city's barangays.

The counter-death squads, the concerned citizens' group said, has been aptly named "El Tigre."

Previously, Malaya had received reports that businessmen and professionals here were organized by the Criminal Investigation Service to act as military informers.

The group, however, cooperates with the military only because they are given authority to carry guns outside their homes.

Sources said, the "El Tigre" will be used as a death squad of right-wing groups. They noted that similar groups operated in the Central American country, El Salvador.

Present developments in the province point to increasing use of the low-intensity conflict strategy by the military, political analysts said.

The organization of the "El Tigre" death squads mirrors one of the phases in the application of the LIC strategy, they said.

This development could also be viewed in the light of the anti-communist campaign launched in September last year, with a big rally attended by then Defense Minister Juan Ponce Enrile, following the reported visit of Central Intelligence Agency operative Gen. John Singlaub.

The campaign which was primarily mounted against members of cause-oriented groups and the religious sector, sputtered on and off. It is being revived again, this time along with the supposed establishments of the Alsa Masa prototypes.

Recently, a Constabulary commander Col. Miguel Coronel and Negros Island Task Force Sugarcane commander Col. Rene Cardones made the claim that the media as well as the religious sector is infiltrated by communists.

With the attempted formation of Alsa Masa prototypes, intelligence work is heightened and massive repression is abandoned in favor of selective repression.

These are only some of the indications that the LIC strategy is being carried out here, political analysts said. —

NPA HOLD FORMER KALINGA MAYOR AS 'WARLORD'

Baguio City THE GOLD ORE in English 28 Mar 87 pp 1, 8

[Text]

TABUK, Kalinga-Apayao: George Bargas, former mayor of the municipality of Luna, this province, was abducted March 17 by a band of NPA guerillas operating in the area.

In a statement issued March 21, the NPA Regional Operational Command in Farnorth Luzon stated that its Apayao unit was holding Bargas in custody, as part of its drive to "eliminate warlordism in the area."

The NPA said that Bargas was a "notorious local warlord" responsible for numerous "crimes against people." It accused Bargas of having masterminded many "salvaging" operations of the CHDF in and around Luna. It further alleged that Bargas had organized an army of goons during Marcos' time, and that he was still maintaining this private army.

"The Aquino government has done nothing to discourage

warlordism in this part of the country," the NPA asserted. "Thus, we must undertake our own anti-warlordism campaign."

In its statement the NPA also accused Bargas of manipulating the decisions of the Luna municipal council, so as to facilitate the passing of a 1985 resolution that endorsed the dropping of chemical bombs on Marag Valley.

It will be recalled that the exodus of thousands of refugees from the Isneg valleys of Apayao and Cagayan began in 1985, after the first chemical bombs were dropped on Marag Valley.

The NPA called Bargas a landgrabber. "Much of the lands that are now in his possession originally belonged to people who were forced to flee their homes because of his terroristic acts."

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CSO: 4200/498

BENGUET TOWN RESIDENTS, GOVERNOR SEEK MILITARY REMOVAL

Baguio City THE GOLD ORE in English 28 Mar 87 pp 1, 11

[Article by Leslie Z. Hernandez]

[Text]

"DEMOCRACY is based upon the conviction that there are extraordinary possibilities in ordinary people," said Harry Emerson Fosdick.

Strange as it seems, this was manifested by residents of Bobok, Bokod, Benguet by proposing a remedy to their opposition to the construction of a military barracks manned by the 191st PC Company in the center of their town.

Their proposal to transfer instead the construction to Yapas, an area located 4 kilometers from the town, was not even pushed by their officials who ignored their plea.

For reasons known only to them, the officials of Bobok allowed the construction to start. It took only the intervention of Governor Bantas Suanding, who sent Vice Governor Thomas Dampac and Col. Teodorico Viduya to receive the petitioners' complaints, to prevent what could

have been a cold confrontation between the residents and the military assigned in the area.

A dialogue ensued but to no avail. It was reported that Governor Suanding, contradicting the purpose of his ordered visit, surprisingly sent a message to Dampac to the effect that the construction may be pushed through.

Apparently not swayed by Suanding's action, the petitioners through representatives reiterated their complaints to the provincial government through the Benguet Board. Sympathetic Board Members Basanio Tello, from Bokod, and Jaime Paul Panganiban, fought the problem out to its conclusion, in the presence of Col. Viduya who stressed the strategic importance of the barracks to the military.

Tello expressed an anticipated aggravation of the peace and order situation here,

while Panganiban said that considering the line of atrocities committed by some indiscreet elements of the military in the recent past, he is opting for the transfer of the barracks site as suggested by Bobok representatives.

Viduya said the apprehension that the barracks is a bomb that will explode in no time is alleviated by the fact that this will only serve as an administrative center, and that atrocities by personnel are exceptions to the rule.

Governor Suanding in a surprising turn resolved the issue by proposing that he would offer a portion of his land located at Yapas to the military for free. Viduya and the complainants concurred, but the PC Provincial Commander said he has to see the place first, especially to ensure the availability of water and light.

/13046

CSO: 4200/498

GOVERNMENT ORDERS RELEASE OF SUSPECTED ILLEGAL LOGS

Quezon City VERITAS in English 26 Mar-1 Apr 87 p 21

[Text]

LOCAL officials who impounded P1.776 million worth of "hot" logs in Laoag City, Ilocos Norte last month said their hands were tied when the government's Wood Industry Development Authority (WIDA) ordered recently the release of the impounded logs.

Acting Ilocos Norte Governor Castor Raval ordered local military units last February to impound eight truckloads of illegally-cut logs.

Brought from Kalinga Apayao via Ilocos Norte, the logs were allegedly being claimed by Cellophil Resources Corp. (CRC), a multinational paper mill, and were trucked by Carried Lumber, a local timber company with a sawmill in Pangasinan province.

Although CRC and Carried Lumber had a permit from the Department of Natural Resources (DNR) to haul and dispose of logs prior to the cancellation of CRC's timber permit license agreement (TPLA) number 268, Raval claimed that CRC had failed to meet one condition set by the DNR "to consult local officials and to start hauling the logs upon prior consent of said local leaders."

Raval, however, was overruled by WIDA, which said that the "local leaders" referred to in the TPLA were the local officials of

Kalinga-Apayao, where the logs were cut. WIDA also claimed that it had secured from the district forester of Kalinga-Apayao the required certificate of timber origin and inventory of logs.

A spokesman for Raval said Ilocos Norte officials, who expected more drastic action to be taken, were helpless about WIDA's order to release the impounded logs which local officials insisted earlier should be used to repair destroyed bridges and schoolhouses.

"These logs were not even enough to compensate for the yearly damage caused by flooding and erosion because of the denudation of our forests through logging," they said.

An anti-logging movement, meanwhile, has been gaining more adherents in the various towns of Ilocos Norte. They have been conducting public meetings and lobbying the provincial government to adopt measures to halt logging, "lest our farmlands which are being destroyed by erosion and floods each year will be gone forever."

An average of 134 hectares of farmlands have been damaged yearly since 1984 in Ilocos Norte alone, according to German Cabillo who chairs the Provincial Food and Agriculture Council (PFAC).

Proponents of the anti-logging movement are affected residents and local officials from the towns of Espiritu, Marcos, Solsona, Vintar, Pasuquin, Dingras, Bangui, Nueva Ira and Pagudnud. They have been joined by members of the PFAC whose current project is the building of flood control systems in areas worst hit by floods.

PFAC has proposed to the provincial government to stop the construction of roads and bridges in favor of the building of flood control systems. Being constructed along a river in the town of Solsona is a 700-meter flood control system which, Cabillo said, would protect five barrios (villages) when finished.

Some 300 hectares of farm and residential lands in the town of Bangui will be submerged during the typhoon season if a flood control system is not constructed along the rivers, says PFAC.

Governor Raval has assured PFAC some P4 million for the flood control project. — PNF

/13046

CSO: 4200/498

BRIEFS

AQUINO TO VISIT THAILAND, MALAYSIA--Manila, 3 Apr (AFP)--Philippine President Corazon Aquino plans to visit Malaysia, Brunei and Thailand in October, a local television station reported here Friday. Presidential Press Secretary Teodoro Benigno would neither confirm nor deny the report by the GMA television station. Mrs Aquino visited Indonesia, Singapore, the United States and Japan last year, but domestic problems and events kept her busy for the first quarter of 1987. She is currently campaigning for administration candidates in the 11 May congressional elections. [Text] [Hong Kong AFP in English 1231 GMT 3 Apr 87 HK] /9738

NYERERE VISIT--Manila, 10 Apr (AFP)--Former Tanzanian President Julius Nyerere is to visit Manila next week as chairman of the South Commission, the Philippine Foreign Affairs Department said Friday. Mr Nyerere is scheduled to meet with Vice President and Foreign Secretary Salvador Laurel during the 12-14 April visit, a department official said. The South Commission, initiated by Malaysian Prime Minister Mahathir Mohammad last year, seeks to recommend concrete steps concerning the future of Third World countries in the light of relations with developed nations. [Text] [Hong Kong AFP in English 0340 GMT 10 Apr 87 HK] /9738

FIVE VIGILANTES KILLED--Five members of a vigilante group in Masbate were killed in a rebel attack. Here is Rey Rodriguez for the report: [Begin recording] Five members of the so-called Kilusang Laban sa Komunista or Kilko [Movement Against Communists] were killed in the province of Masbate following an encounter with NPA terrorists in Sitio Buli, Barangay Tikbal, Milagros, Masbate. According to reports that reached Camp Aguinaldo only this morning, the encounter took place at 0500 on 27 March. Based on reports, the slain Kilko members were headed by one Jeremias Bongkata, [passage indistinct]. [end recording] [Text] [Manila Radio Veritas in Tagalog 1000 GMT 8 Apr 87 HK] /9738

SEQUESTERED LAGUNA SUGARLAND BURNED--Armed men burned 14 hectares of sugarcane in Laguna which was sequestered last year by the Presidential Commission on Good Government [PCGG]. The PCGG said damages would reach millions of pesos. PCGG Commissioner Mary Concepcion Bautista said she is not suspecting the New People's Army or any other elements. The incident was reported by independent realty corporation director Oscar Bingson to the PCGG last Sunday. [Text] [Quezon City Sports Radio 738 in English 0700 GMT 3 Apr 87 HK] /9738

ARMY IN 'NPA-INFESTED' AREAS--Defense Secretary Rafael Ileto yesterday [15 April] said government forces are now stationed in NPA-infested areas to exert sustained pressure on the rebels and to deny them use of the secured areas. Ileto said this is true in the Kalinga-apayao area where troops are stationed so that the rebels could not use them again [as heard]. Civilians moved out of the area, Ileto said, are well taken care of. The military is under strict orders to take care of displaced civilians. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 15 Apr 87 HK] /9738

IRAN PROTESTS FILM--The Iranian embassy yesterday protested the scheduled airing of the film "Wings of Eagle" tomorrow by a local television station. The Department of Foreign Affairs (DFA) disclosed that the Embassy of the Islamic Republic of Iran believes that the film "presents a contrary picture of all the sacredness and independence-seeking struggle of a nation." The film is reportedly about the regime of Iran's Ayatollah Khomeini. The DFA forwarded the Iranian embassy's protest to President Aquino and general manager of RPN channel 9 for appropriate action. [Excerpt] [Quezon City BUSINESS DAY in English 8 Apr 87 p 24 HK] /9738

CSO: 4200/496

KING'S COMMENTS TO JOURNALISTS ATTRACT COMMENTARY

Appropriate Form of Government

Bangkok SIAM RAT in Thai 4 Mar 87, pp 1, 16

[Excerpt] Mr Michai Wirawaithaya, spokesman for the Office of the Prime Minister, announced on 3 March that Prime Minister Prem Tinsulanon, before taking up the cabinet meeting agenda that morning, expressed his concern to the meeting on an important matter, the king's remarks about the Thai system of government. He said that on 28 February 1987 the king spoke with reporters from one newspaper when he went to observe various projects that he had initiated in Pamiang Sub district Doi Saket District, Chiang Mai Province; at the Center for Research on Development of Backwater Areas. He described the details and benefits to the villagers of the plan.

General Prem said that the king spoke to newsmen about the nation's system of government during a banquet saying that every country must adapt a system of government for its own use that is appropriate for that country and that Thailand must also adapt such a system.

Mr Michai said that Prime Minister Prem asked the cabinet to note the importance of the king's words and he said that scholars should study the king's ideas to see what things could be adapted to Thailand.

Khukhrit Criticizes Prem

Bangkok SIAM RAT in Thai 11 Mar 87 p 9

[Text] I did not really want to write what follows, but after full consideration, I thought that I had to write it because otherwise great harm might be done in the future.

It is not my intention to shake up anyone, because I believe that if I were to shake up someone, it would be someone who deserved it or who already had been shaken.

There have been reports that the king told reporters in Chiang Mai something to the effect that democracy in Thailand was difficult because we are copying the foreign type. If we adopted a Thai style, there would be less difficulty.

These words were spoken by the king to reporters around a banquet table. As is usual with the words of the king at banquets, other remarks must have preceded them or a reporter must have somehow posed the question. And when the king made these newsworthy remarks, there must have also been other remarks that followed.

The remarks of the king at a banquet should not have been reported to outsiders at all.

But, if they are reported, it should be in full, including what the king said before and what he said after.

The government deliberately transmitted the king's words with but one purpose, and he ordered their further dissemination, which should not have taken place either.

Even if they were the words of someone else, these actions should not have taken place, because it is not fair to the speakers.

Actually, there were many reporters from many newspapers in the audience at the banquet, but only one or two reported his remarks, and it was a small news item, not an important piece of news.

This shows that Thai newspapers, even though they take all kinds of infuriating liberties with all and sundry, know who is high and who is low. They cherish who they ought, and their loyalty is firm.

It is easy to say that Thai reporters are good people after all.

Therefore, I do not understand why Prime Minister Prem Tinsulanon was eager to inform the cabinet and to help spread this news, and to repeat over and over that he wanted everyone to know it.

Must Prem's claim that he is more loyal to the king than anyone be brought forward and tested and analyzed again?

The most important thing to think about is, what does a Thai-style democracy mean, and particularly what did it mean at the time the king spoke the words?

No one, including myself, knows this.

Why did Prem seek to probe into the king's heart?

Even if he thought he knew, it is not worth passing around.

I have heard about this Thai democracy for a long time: it is spoken about here and there. It sounds like everyone who speaks of it is in agreement, but no one agrees on what methods are Thai.

Whenever anyone thinks about this matter, each person comes up with his own definition--some crazy, some silly, some rash. It is impossible to find a consensus.

In Prem's devotion to this Thai democracy, it should be understood that Prem himself wants and has his own methods for a Thai-style democratic system.

It means that being prime minister does not make it necessary to tire oneself out representing the people, right?

It means one person continues to serve as prime minister, right?

It means the prime minister, who is called Prem, need not take responsibility for anything or toward anyone, right?

It means, the prime minister, who is called Prem, remains above criticism and no one can touch him, right?

It means, there is only joy in being prime minister and no sorrow, right?

One gets to live in an official residence and use official water and official fire, right?

Wherever one goes one uses official cars, official boats, or officially paid for plane passage to flock abroad on a trip, right?

Wherever one goes arrangements are taken care of and one is welcomed; sometimes one is bowed to or prostrated on the ground before.

These ideas bring about convictions and cravings that are the beginnings of elements of evil, that is, greed, anger, and delusion.

Greed causes a desire to see one's ideas become reality, that everything one hopes for will come true.

I think it is because of such desires that the words "Thai-style democracy" in the king's remarks were used to get his [Prem's] own meaning across, and he happily ordered them spread about.

It was deliberate misuse of the king's words.

The king is supreme in all things. No one should twist the king's words to represent one's own thoughts.

Therefore, if in the future Prem or his government--whether it be Prem 5 or Prem 6 or Prem 432--makes any claims of Thai-style democracy, they must be taken to represent only the ideas of Prem himself and not the meaning of the king's words.

Those who disagree may argue that Prem has no right to use the king's remarks in order to protect himself.

When anything bad happens, Prem should take responsibility himself and not place the blame elsewhere.

Mr Samak Sunsonwet has said this before, but instead of being sensible, people attacked Mr Samak on the radio and elsewhere.

I read Mr Samak's remarks on the attacks in the newspaper DAILY MIRROR.

I am very impressed by Mr Samak's understanding.

Not only was Mr Samak born of a court official family; some of his ancestors were close to the king.

To know high and low is to know what may be said and what may not.

Reaction to King's Views

Bangkok SIAM RAT in Thai 10 Mar 87 p 9

[Article by Prachuap Thong-urai]

[Text] A topic of discussion in the news recently has followed the announcement of Mr Michai Wirawaithaya, spokesman for the Office of the Prime Minister, that before taking up the agenda of the cabinet meeting on 3 March Prime Minister Prem Tinsulanon told the meeting of the king's remarks to reporters at a banquet in Chiang Mai that a nation's system of government must be chosen to fit that country. The prime minister, therefore, told the cabinet to spread the king's words on this important matter, and he said that scholars should study the king's words to see what things should be adapted for Thailand.

It seems that the opposition political party met regarding this incident of the prime minister's use of the king's remarks at the banquet regarding politics and the democratic system. They claimed that although the banquet was attended by reporters as well, only the prime minister revealed the king's comments. From the standpoint of the political opposition, the prime minister was snatching the king's words for his own use. Properly, if the government is concerned about this, it should be taken care of from within, because what the government interprets one way the opposition will interpret another, and in any event the answer will defy the principle of king over government.

After the opposition expressed its dissatisfaction and condemned the prime minister for revealing the king's words to the public through the spokesman for the Office of the Prime Minister, the voice of the army and related stations. The response to the opposition was aired, saying that the prime minister involed the words of the king for the cabinet's information because he realized that the king's words were valuable and

of benefit for the development of the Thai system of government in the future, and many scholars continue to study different forms of government and suggest appropriate ones.

With the same opportunity it was said that Prime Minister Prem as head of the government has been the beneficiary of the King's confidence for 7 years, and he knows deep in his heart what things should and should not be done.

I understand that this topic of discussion will not easily disappear. If it is prolonged it is likely to have an influence on our present system of government with the king in the head.

All sides, or the majority of the people of the country, recognize that there is no system of government that is more appropriate under the present conditions than a democracy headed by a king. Even the army that plays an important role in the national defense maintains that we must try to protect the stability of this type of democracy, because it believes that without the institution of the king as creator of the Thai nation, the survival of Thailand could not be guaranteed. Therefore, all means must be attempted to protect the institution of the king and ensure its continuation as a symbol of the Thai nation.

I believe that it was with good intentions that General Prem, the prime minister, informed the cabinet that carries out the administration of the nation of the king's remarks at a banquet attended by reporters, and respectfully presented them for study in order to find ways to reform the government to make it fit Thailand. I also believe that it is an internal matter for the cabinet and not harmful in any way.

If there is anything worth noting, it is rather whether the spokesman for the Office of the Prime Minister should have announced the king's words to the press or made them known to the public. The reason I make this observation is that I believe that the remarks of the king usually are of two types, official and private.

I believe that the prime minister is responsible for the first type of remarks by the king. And, if there is any kind of criticism, the prime minister should accept it right away.

As for the king's private remarks not concerning the administration of the nation, I believe that when the king addresses someone it is the graciousness of the king toward that individual and should not be made public. Because there is no one to reply to or take responsibility for as with the first type of royal remark, and because two sides may disagree, the recipient of royal remarks, in practice, will not want to reveal them because they may lead to debate or criticism.

But the important point is that the king is the highest institution and is respected and worshiped. No one can violate the office. Therefore,

even if someone disagrees with the king's words, he cannot criticize them since they might be the king's private remarks. Only particular official remarks of the king can be criticized, and the prime minister is responsible for this.

I understand that the opposition political party has seized upon this incident of the revelation of the spokesman for the Office of the Prime Minister to condemn the prime minister but with good intentions, that is, to uphold the institution of the king and to prevent criticism of his remarks when it cannot be voiced openly but must be kept inside.

In the case of these particular remarks of the king, there might be several interpretations. Therefore, it is normal that from the opposition's point of view the government would be revealing the king's remarks to benefit itself politically. Its discontent might then expand to other questions on which there are strong differences as well.

The reason I have this view is that I believe that both the government and the opposition have one common goal. They want to see the country continue to be governed by a lasting democracy with the king as head. They only differ on the means by which to achieve that goal.

However, the protection of the stability of the democratic system of government with the king as head is, I believe, the duty of the government more than anyone else. Or to put it another way, the government itself must be ready to show responsibility when it seems that an action could cause the people to misunderstand their obligations to the king, or to renounce his position, or if an action affected royal power.

But the most important thing is that the government must arrange fair and honest elections so that the people will truly be able to choose a government of their own free will, because the people and the king are one and the same. If the people can truly choose a government of their own free will, the question of differences between the government and the people, or the government and the king would no longer exist. And then the democratic system with king as head would remain stable for the future.

9937/9190
CSO: 4207/164

CHIEF OF CENTRAL COMMITTEE FOR SETTLED FARMING AND SETTLED LIFE INTERVIEWED

Hanoi TO QUOC in Vietnamese Oct 86, pp 38-41

[Article by Vu Can, journalist: "Leaving Behind the Primitive Life or a Forum on the Settlement of Nomads"]

[Text] The chief of the Central Committee for Settled Farming and Settled Life, Cu Hoa Van, is a member of the Hmong ethnic group (the name by which the Meo call themselves, a name officially recognized by the state). He is a man with a large face, the piercing eyes of a hawk and high cheekbones. And, when he stood up and moved from behind his desk to greet us, we saw a man of medium height with a long back and somewhat small feet. In the terminology of anthropology, he is a Southern Mongoloid.

I have met many persons of similar appearance in the Northwest. They wear ramie clothing dyed black. Their shirt is tight-fitting and half open at the waist. Their trousers are loose-fitting, which aids them in fording streams. One trait of Hmong men is that they are never without their gun, a gun which has a long barrel and a short stock. They ride resilient ponies that are very adept at climbing. Some elderly persons in truly remote areas still follow the custom of shaving their head, leaving only a shock of hair at the top of their head hanging down their back in a ponytail.

Van, who received us in his office in Hanoi, was neatly dressed in Western clothes and wore his slightly graying hair somewhat short as persons in the lowlands do. Before being put in charge of the settlement of nomads nationwide, he was the chairman of a province along the Vietnam-China border. He is a graduate of the Advanced Party School, the Central School of Administration and the National Economic College.

—"We Hmong"—he began—"are the largest of the nomadic ethnic groups that practice slash and burn cultivation. Along with the Dao in the northern mountains and the Ede and Giarai in the Central Highlands, we make up more than one-half the population that needs to be settled.

Something should be said in passing about the four tribes that are most closely associated with slash and burn cultivation. The Hmong, who have their roots in southern China, were massacred and driven from China by the Han feudalists and crossed into Vietnam more than three centuries ago. They

achieved a rather high level of civilization, especially in the forging of steel, and established small population centers in the treacherous mountain peaks. They raise grain crops that withstand dryness, such as corn, kaoliang and terrace rice, not including ramie, which they use to make cloth. The Dao also crossed over from southern China but many centuries earlier than the Hmong. They live in the middle elevations of the high mountains. They know how to make terraced rice fields to raise wet rice, are skilled in making lacquer jewelry and know the headwater forests very well. These two ethnic groups belong to the Hmong-Dao language group of the South Asian language family. They also belong to the Ede-Giarai language group of the Malay-Polynesian language family and are classified by the sciences of ethnology and anthropology as the oldest stratum of the population on the Indochina peninsula, being called Proto-Indochinese. They live in closed, microsocieties in individual mountain villages that still bear many of the vestiges of the tribal and matriarchal systems."

--"What is the total number of nomads in our country?"--I asked. "In which areas do they live and what are their traits?"

--"According to figures published in 1982, which were based mainly on the census conducted in 1979, there are 2.2 million nomads nationwide. But this population is spread over 160 districts in 22 provinces that are either mountainous or have mountainous areas. They live in treacherous, sheer mountain areas, many of which are rocky mountain areas that lack farmland and even sources of drinking water. The various nomadic communities have very different levels of development. However, they share the same mode of farming: slash and burn cultivation.

Slash and burn upland fields, according to scholars of anthropology and ethnology, were the first form of agricultural production. Through observation of forest fires, primitive man gradually learned to do what scholars later came to call 'slash and burn' so that they could then poke a hole in the ground with a stick and plant a seed. When the ground became depleted, they cleared another piece of forest and made another upland field. Because the amount of forest that can be destroyed is not infinite, as time passed and experience was gained, man returned to the old upland fields that had lain fallow for many years, cleared the new vegetation that had grown and burned this vegetation to fertilize and restore these fields, thus creating a nomadic farming cycle. This crude way of farming lasted for tens of thousands of years and permitted the use of exceedingly simple implements: a machete and a stick to poke a hole in the ground--the Hmong used a compact upland plow--and a small knife or sickle for harvesting."

--"Today"--Cu Hoa Van continued--"there are still about 200 million nomads in Asia, Africa, Latin America and the Atlantic. In Asia-Pacific, there are 80 million nomads living on some 120 million hectares of land. This is truly inconceivable in the nuclear and space age."

--"And, as has happened at many other places"--I observed--"in our country, they have 'eaten up the forests!' These are not my words, but the title of a book by a famous French scholar of ethnic studies, Professor Georges

Condominas, about the cutting and burning of the forests in Vietnam and, more broadly, in Indochina."

Van smiled wryly.

--"They have not eaten up all the forests yet. But, if this situation continues, they will soon. Our country has a priceless tropical forest and a priceless system of tropical plant and animal life. A 1943 forestry map shows that this forest covered 14,352,000 hectares back then, or 48.3 percent of our country's total area. Today, there are only 7.8 million hectares of forest, that is, a little more than one-half as much as there was four decades ago. Of the 33,168,000 hectares of land in our country, more than 11,000,000 currently lie in barren, rocky hills and mountains. The forests are being destroyed at an alarming rate and the rivers and streams carry a huge, incalculable amount of fertile soil to the sea each year."

—"To be fair"—I observed—"We cannot overlook the harmful consequences of the war. There were 30 years of aggression by the French colonialists and the U.S. imperialists. The bombs and herbicides of the United States caused untold damage to our forests, particularly the old forests along the Truong Son Mountain Range and in the Central Highlands, the rubber forests in eastern Nam Bo and the mangrove and cajuput forests in the Mekong Delta. It was not without reason that the Bertrand Russell court found the White House and Pentagon guilty of waging a war to destroy the environment in Vietnam and throughout Indochina."

—"I agree. Nevertheless, that did occur in a war and we had no way to block the enemy's criminal hands. The problem is that our forests are continuing to be seriously damaged at this very moment...by our own hands! Nomadism is a true tragedy, one that is causing us to lose 150,000 to 200,000 hectares of valuable timber forest each year. And this menace is steadily growing."

--"Why is it growing? We have been working for many years to stop the destruction of the forests."

--"But not successfully. The destruction of the forests has been increasing at a rapid rate because the annual rate of population growth in the mountains is very high: an average of 3.5 to 4 percent and a record-setting 6 percent at some places. Here, the new system is finding itself having to deal with difficulties resulting from its own achievements. We have made inroads against chronic hunger, wiped out malaria, stopped epidemics from occurring, reduced the infant mortality rate and the number of women dying in childbirth, raised the average lifespan from 30 to 70 years and so forth. However, we have yet to take comprehensive and full measures to feed the ever-increasing number of mouths that need to be fed, so, destroying the forests to plant grain continues to be the only solution! And, I am not talking about a situation that exists at some place far away. It exists in my home village, Quan Than Sang Village in Bac Ha District, Hoang Lien Son Province. Years ago, our Hmong villages were sparsely populated. Old people were very rare and children were becoming increasingly rare. When I was a child tending

buffalo, all that I ever saw was forests. Now, when I travel from the district seat back to my village, I walk for an entire day past barren mountains."

--"This means that we must accelerate the settlement of those persons who practice slash and burn cultivation in order to stop the destruction of the forests."

--"Not entirely. This is only one aspect of the problem. In 1968, the Council of Ministers issued Decision Number 38 which launched the settlement of nomads campaign as part of agricultural cooperativization. This decision represented a combination of measures designed to completely and thoroughly resolve the problem of nomadism and stop the indiscriminate destruction of the forests while stimulating the development of production forces, establishing socialist production relations, improving the living conditions of the masses, carrying out economic and cultural development in settlement areas and strengthening national defense forces as well as political security in the mountains. The basis for this decision was the nationalities policy of our party and state. It was promulgated at the time that our country was still partitioned and could only be implemented in the North. Nevertheless, from the time it was issued until the South was liberated, we gained much experience that was subsequently applied nationwide. It can be said that our settlement of nomads program has basically only been in effect for the past 10 years, since the country was reunified in 1975."

There is still talk about the strategic importance of the settlement of nomads campaign. I suggested that Cu Hoa Van explain this.

--"There are many reasons for asserting this"—Van replied—"To begin with, mountains make up three-fourths of our country's territory. Destroying the forests in the mountains means destroying the environment of the entire national community. It causes flooding in lowland areas and causes harmful climatic changes nationwide. In addition, the areas in which the nomadic tribes live have a relatively bright economic future. The problem facing us is that we must protect the environment in these areas and develop their natural resources in a rational manner so that these natural resources, instead of being lost, are restored and developed. Mention must also be made of the strategic importance of these areas, because practically all of them lie along our country's borders. And, of course, helping millions of persons leave behind their difficult and highly uncertain primitive life in order to embark on socialist construction will have a major impact upon the situation of the entire country."

--"A number of nations that must deal with nomadism have stopped spending large amounts of money to set up settlement camps, bring nomads into these camps and give each family a subsidy and some means of production, such as farm implements, seed paddy, etc. It seems that this approach has not been successful in many cases."

--"It is for this reason that our state does not employ administrative measures but has, instead, launched a widespread campaign. We respect the principle of voluntary association. Our method is to employ persuasion and

follow the mass line. Everyone knows that the life of the nomads is very unstable. They lack food, clothing, blankets and mosquito netting and every household utensil. When the weather is bad, they have nothing more than a flimsy tent to protect themselves. They enjoy no cultural life all year. When they move to another place, they usually have nothing more than a machete in their hand, an earthenware pan strapped to their side and all their other belongings in a basket carried on their back. But, the primitive way of life is in their blood and is expressed in habits that strictly govern what they do. There are some elderly persons who have moved from one place to another dozens of times in their lives but who refuse to allow their grandchildren to adopt a settled life because such would mean having to adopt new methods of farming. For example, they think 'why should rice be fertilized? The rice god will become angry and surely punish us! Or, 'why should rice be planted in water? It is not good to stand in water for several months in a row. Can something survive being in water that long?' Or, 'who would dare build dams and dig ditches? Wouldn't they be afraid of being punished by the river god, of the entire village dying?' And so forth and so forth."

"Thus, how do we persuade them?"

—"By means of practical examples. Every locality must establish one place that is a model and then apply what is done there to other places under the guideline 'the state and the people working together.' Instead of practicing slash and burn cultivation, we should encourage them to raise wet rice, dry land crops and gardens. Settled nomads should establish small agricultural cooperatives consisting of roughly 20 to 30 households, clear a few dozen hectares of land to make terraced rice fields, build small-scale water conservancy systems, such as dams to make reservoirs in the mountains, irrigating ditches and so forth. They should be encouraged to raise short-term, high yield rice, to fertilize fields with organic fertilizer and green manure and raise livestock to provide draft power, meat and manure, with the raising of buffalo, cattle, hogs, poultry and fish becoming widespread. In addition, forest land should be parcelled out to these cooperatives for them to manage and use for commercial purposes. They can harvest and care for certain areas of natural forest and carry out afforestation in order to gradually cover surrounding barren hills and mountains with vegetation. In augmenting the collective economy, our immediate task is to supply the primary grains. We must help cooperative members accelerate the development of the household economy. Each household should be given roughly 1,000 square meters of land for use as a garden and receive instructions in how to raise vegetables, fruit crops and industrial crops, such as tea, coffee, anise, cinnamon, host trees for raising kamala... Many cooperatives can also develop the handicraft trades, particularly the production of bricks and tiles and the baking of lime, and achieve self-sufficiency in building materials. For several years now, there has been a movement under way to build small hydroelectric power plants. Having electricity has become the common desire of the people in the mountains. I think that electricity can play the role of a catalyst in the settlement of nomads campaign."

I related to Van the observation made by a foreign specialist concerning the approach of bringing the nomadic villages of the Ede and Giarai into a number

of state farms and forestry sites in Dac Lac Province for them to work as agricultural workers.

--"Recently" --I said--"I had an opportunity to speak again with Berno Schmidt, a German agricultural engineer working at the Vietnam-GDR Federated Coffee Enterprise headquartered in Buon Ma Thuot. He informed me that at the state farms of this enterprise, a work force has been established among young Ede men and women who were still nomads just a few short years ago. They have completely acclimated to the new way of working and the new way of life. The Dac Lac provincial administration has also taken the innovative step of bringing in ethnic Vietnamese from lowland areas to build new economic zones and establish villages among the settled villages of the Ede. With the assistance of ethnic Vietnamese, the Ede have quickly learned the techniques of raising wet rice and learned the experience that has been gained in the intensive cultivation of gardens. In the past, dozens of Ede families lived together in a single long house that stretched for 100 meters or more. Each family had its own kitchen. Today, they live in separate households. Each household has a family house set in the midst of a garden. And, in their gardens, in addition to vegetables and fruit for their own consumption, they also raise agricultural products: green beans, peanuts and, in particular, coffee."

Van listened patiently to me before replying:

--"That's true. Now, allow me to present our second approach to the settlement of nomads: turning nomads into workers. The Dao and the Hmong in a number of northern mountain provinces, such as Quang Ninh, Hoang Lien Son, Lai Chau and Son La, were the first persons among whom this approach was tried. The state arranged for them to join state forestry sites and farms, not as individual households, but as individual villages. Generally speaking, each village has become a production unit. However, regardless of which approach is taken, cooperativization or turning nomads into workers, all settlement sites lie within the reach of the state's public health and education networks. Our general line is to combine agriculture, forestry and industry. Industry is still small in scale but is being steadily strengthened as further strides are made in socialist industrialization."

I asked him about the achievements recorded under the settlement of nomads program and the prospects for this program.

—"The settlement of nomads campaign has entered its 18th year"—Cu Hoa Van replied. "To date, it has brought a relatively stable life to nearly one-half million persons. I emphasize the word 'relative' because we are experiencing a very serious shortage of material means. We need grain and food products, medicine and cloth and, to build the infrastructure for settlement sites, we also need cement and sheet metal for roofing, including some iron and steel. According to figures published in 1982, we need to settle 1.2 million persons. However, because the population is growing, the actual number is higher. Although there is still much to be done, we have achieved success in the initial, most difficult stages. According to projections, our program will be completed in 1995."

In conclusion, Cu Hoa Van asserted:

--"The last persons to live by 'slash and burn' in Vietnam will leave the primitive life behind and enter socialism before the start of the 21st century."

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